

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2020**

**NEW ISSUE**

**MOODY'S RATING** – Bonds: Baa1/Positive; Notes: MIG 2

**S&P RATING** – Bonds: BBB+/Stable; Notes: SP-2

**BOND ANTICIPATION NOTES & SERIAL BONDS**

**SEE "RATINGS" HEREIN**

*In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Notes will not be subject to the alternative minimum tax. Interest on the Bonds will be includable in the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing law interest on the Obligations is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion will be rendered by Bond Counsel regarding federal tax consequences arising with respect to the Bonds. See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.*



**\$69,620,000**  
**TOWN OF OYSTER BAY**  
**NASSAU COUNTY, NEW YORK**

**\$39,620,000 BOND ANTICIPATION NOTES, 2020 SERIES C**

**Dated: August 27, 2020**

**Due: August 27, 2021**

**\$30,000,000 GENERAL OBLIGATION (SERIAL) BONDS, 2020 (FEDERALLY TAXABLE)**

**Dated: August 27, 2020**

**Due: As shown on the inside cover page**

The General Obligation (Serial) Bonds, 2020 (the "Bonds") and the Bond Anticipation Notes, 2020 Series C (the "Notes" and together with the Bonds, the "Obligations") are general obligations of the Town of Oyster Bay, Nassau County, New York (the "Town"), for the payment of which the Town has pledged its faith and credit. All real property subject to taxation within the Town is subject to the levy of ad valorem taxes, without limitation as to rate or amount, subject to the statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended, to pay the principal and interest on the Obligations. See "TAX LEVY LIMIT LAW" herein.

Interest on the Bonds will be payable on each February 15 and August 15, commencing February 15, 2021. The record date for the payment of interest on the Bonds will be the last day of the calendar month immediately preceding the applicable interest payment date. The Bonds are subject to redemption prior to maturity as discussed herein. See "THE BONDS – Optional Redemption of the Bonds" herein. Interest on the Notes will be payable at maturity. The Notes are not subject to redemption prior to maturity. See "THE NOTES – Description of the Notes" herein.

The Obligations will be issued as registered Obligations and, when issued, will be registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Obligations, except, at the option of the purchaser of the Notes, the Notes may be issued in registered form registered in the name of the successful bidder. Interest on the Obligations will be calculated based upon a 360-day year of 30-day months and will be payable at maturity in Federal Funds. The Town Clerk will be the fiscal and paying agent for the Obligations while the Obligations are in registered form.

If the Obligations are in book-entry form, individual purchases may be made in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Obligations purchased. Payment of the principal of and interest on the Obligations to the beneficial owners of the Obligations will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Obligations, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Obligations are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective unqualified legal opinions as to the validity of the Obligations of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Certain legal matters in connection with preparation of this Official Statement will be passed upon for the Town by Norton Rose Fulbright US LLP, New York, New York, in its role as Special Disclosure Counsel. Certain legal matters will be passed upon for the Town by the Town Attorney. It is anticipated that the Obligations will be available for delivery through DTC in Jersey City, New Jersey on or about August 27, 2020.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE ANNUAL AND CONTINUING DISCLOSURE WITH RESPECT TO THE BONDS AND NOTICE OF CERTAIN EVENTS WITH RESPECT TO THE NOTES, AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING" HEREIN).

**ELECTRONIC BIDS for the Obligations must be submitted on Fiscal Advisor's Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on August 18, 2020 no later than 11:00 A.M. EDT. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. No bid will be received after the time for receiving bids specified above. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Obligations pursuant to the terms provided in the respective Notices of Sale.**

**Dated: August , 2020**

**\$30,000,000 GENERAL OBLIGATION (SERIAL) BONDS, 2020 (FEDERALLY TAXABLE)**

<u>August 15,</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup> Base: 692160</u>
2021	\$1,755,000			
2022	1,770,000			
2023	1,805,000			
2024	1,840,000			
2025	1,875,000			
2026	1,915,000			
2027	1,950,000			
2028	1,990,000			
2029	2,030,000			
2030	2,070,000			
2031	2,115,000			
2032	2,155,000			
2033	2,200,000			
2034	2,245,000			
2035	2,285,000			

**\$39,620,000 BOND ANTICIPATION NOTES, 2020 SERIES C**

Due: August 27, 2021, Interest Rate of \_\_%, Yield \_\_%, CUSIP # 692160 \_\_<sup>(1)</sup>

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\* Preliminary, subject to change.

<sup>(1)</sup> Copyright, American Bankers Association. CUSIP data herein are provided by S&P Global Ratings, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders only at the time of issuance of the Obligations and the Town makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future.

NO PERSON HAS BEEN AUTHORIZED BY THE TOWN OF OYSTER BAY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY OF THE NOTES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. THE INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TOWN OF OYSTER BAY SINCE THE DATE HEREOF.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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# TOWN OF OYSTER BAY, NASSAU COUNTY, NEW YORK



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**OFFICIAL STATEMENT**  
**of the**  
**TOWN OF OYSTER BAY**  
**NASSAU COUNTY, NEW YORK**  
**relating to**

**\$30,000,000 GENERAL OBLIGATION (SERIAL) BONDS, 2020 (FEDERALLY TAXABLE)**  
**AND**  
**\$39,620,000 BOND ANTICIPATION NOTES, 2020 SERIES C**

**INTRODUCTION**

This Official Statement, which includes the front cover page and the appendices annexed hereto, has been prepared by the Town of Oyster Bay, Nassau County, New York (the “Town”, “County”, and “State”, respectively) in connection with the sale and issuance of its General Obligation (Serial) Bonds, 2020 (the “Bonds”) and the Bond Anticipation Notes, 2020 Series C (the “Notes” and together with the Bonds, the “Obligations”).

This Official Statement contains specific information relating to the Obligations including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of the information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Town.

The factors affecting the Town’s financial condition, operations, and the Obligations are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town’s tax base, revenues, expenditures and ability to market debt securities, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement. For information relating to litigation and investigations involving the Town, see “*LITIGATION AND CERTAIN ONGOING INVESTIGATIONS*” herein.

**THE BONDS**

**Description of the Bonds**

The Bonds are general obligations of the Town, for the payment of which the Town has pledged its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and the laws of the State. All real property subject to taxation within the Town is subject to the levy of ad valorem taxes, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended, to pay the principal and interest on the Bonds. See “*TAX LEVY LIMIT LAW*” herein.

Each Bond when duly issued and paid for will constitute a contract between the Town and the owner thereof for the payment of such indebtedness. An owner of the Bonds would be entitled to enforce certain remedies against the Town if the Town were to fail to perform its obligations under the Bonds. See “*ENFORCEMENT OF REMEDIES*” herein.

The Bonds will be dated the date of their delivery, will bear interest at the rates and will mature on the dates as set forth on the inside cover pages of this Official Statement. Interest on the Bonds will be calculated based upon a 360-day year of 30-day months and will be payable in Federal Funds. The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as partnership nominee of DTC. The Town Clerk will be the fiscal and paying agent for the Bonds while the Bonds are in registered form. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. The record date for the Bonds is the last day of the month immediately preceding each interest payment.

## **Optional Redemption of the Bonds**

**Call Provisions.** The Bonds maturing on or before August 15, 2028 will not be subject to redemption prior to maturity. The Bonds maturing on August 15, 2029, and thereafter, will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity) on any date on or after August 15, 2028 at par plus accrued interest to the redemption date.

**Call Notification.** If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot, in any customary manner of selection, as determined by the Supervisor. Notice of such call for redemption shall be given by mailing such notice to the registered holder, not more than sixty (60) days nor less than thirty (30) days, prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest, to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “*Book-Entry-Only System*” for additional information concerning redemptions).

## **Purpose of Issue – Bonds**

The Bonds are being issued pursuant to the Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law and a bond resolution adopted on January 28, 2020, as amended on February 11, 2020, to pay the \$30,000,000 portion of the \$30,450,000 cost of the settlement of claims filed against the Town of Oyster Bay by Syosset Park Development, LLC. See “*LITIGATION AND CERTAIN ONGOING INVESTIGATIONS - DPW Property Litigation*” herein.

## **THE NOTES**

### **Description of the Notes**

The Notes are general obligations of the Town, for the payment of which the Town has pledged its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and the laws of the State. All real property subject to taxation within the Town is subject to the levy of ad valorem taxes, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended, to pay the principal and interest on the Notes. See “*TAX INCREASE PROCEDURAL LIMITATION LEGISLATION*” herein.

Each Note when duly issued and paid for will constitute a contract between the Town and the owner thereof for the payment of such indebtedness. An owner of the Notes would be entitled to enforce certain remedies against the Town if the Town were to fail to perform its obligations under the Notes. See “*Enforcement of Remedies*” herein.

The Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as partnership nominee of DTC. Interest on the Notes will be calculated based upon twelve thirty day months, and will be payable at maturity. The Town Clerk will be the fiscal and paying agent for the Notes while the Notes are in registered form. DTC will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes.

### **No Optional Redemption of the Notes**

The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

## Purpose of Issue – Notes

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law and various bond resolutions adopted on various dates to provide funds to pay the cost of the following:

Resolution Date	Purpose	Amount
1/7/2020	Parks Special Improvements	\$870,000
12/10/2019	Parks General Improvements	7,200,000
12/10/2019	Highway Improvements	19,500,000
1/7/2020	Public Parking Improvements	515,000
1/7/2020	Lighting Improvements	310,000
1/7/2020	Solid Waste Improvements	105,000
12/10/2019	5 Year Equipment	3,300,000
12/10/2019	15 Year Equipment	6,100,000
12/10/2019	3 Year Equipment	290,000
12/10/2019	General Building Improvements	1,430,000
TOTAL		<u>\$39,620,000</u>

The proceeds of the Notes will provide \$39,620,000 in new monies for the above-mentioned purposes.

## BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each Obligation bearing the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered Obligation certificate will be issued for each of the Obligations.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect

any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Obligations, upon maturity, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Obligation principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the Town takes no responsibility for the accuracy thereof.

Source: *The Depository Trust Company, New York, New York.*

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE OBLIGATIONS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OBLIGATION-HOLDERS; (IV) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OBLIGATIONS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OBLIGATION-OWNER.

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry system transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: (i) the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof, and (ii) principal of and interest on the Bonds will be payable at the office of the Town Clerk, as fiscal and paying agent for the Bonds while the Bonds are in registered form. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Certificate of the Supervisor of the Town authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last day of the calendar month preceding an interest payment date and such interest payment date.

### **Certificated Notes**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry system transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: (i) the Notes will be issued in registered form in denominations of \$5,000 or integral multiples

thereof, and (ii) principal of and interest on the Notes will be payable at the office of the Town Clerk, as fiscal and paying agent for the Notes while the Notes are in registered form. The Notes will remain not subject to redemption prior to their stated final maturity date.

## **BONDHOLDER RISKS**

In making a decision as to whether to purchase the Obligations, potential investors should consider certain risks and investment considerations which could affect the ability of the Town to pay debt service on the Obligations and which could affect the marketability of or the market price for the Obligations. These risks and investment considerations are discussed throughout this Official Statement. Certain of these risks and considerations are set forth in this section, but this section is not intended to be comprehensive or to be a compilation of all possible risks and investment considerations, nor a substitute for an independent evaluation of the information set forth in and presented in this Official Statement, which each investor should read in its entirety in order to make an informed investment decision.

Additional risks and uncertainties not currently known by the Town, or that the Town does not currently consider to be material, or that are generally applicable to all municipalities and their ability to repay obligations, may exist. Any one or more of the factors discussed herein, and other factors not described herein, could lead to a decrease in the market value or liquidity of the Obligations. There can be no assurance that other risk factors not discussed below will not become material in the future. Prospective investors are advised to consider the following risk factors, among others, and to review the other information incorporated by reference into this Official Statement in evaluating an investment in the Obligations:

1. Outstanding bond anticipation notes may be subject to default if the Town cannot access capital markets through public competitive sale of bonds as required by New York law. If the Town were unable to access capital markets through the competitive public sale of its bonds, access to capital markets through a negotiated sale of bonds would require approval by the State Comptroller or may require special state legislation.
2. The Town does not employ formal multi-year budgeting and financial planning.
3. The Town previously amortized required contributions to the State Retirement System in fiscal years 2014 through 2017. The Town did not amortize required contributions in fiscal years 2018, 2019 or 2020. See *“TOWN OF OYSTER BAY - Pension Systems - Amortization of Pension Payments.”*

## **Market Factors Affecting Municipalities and State Aid Risk**

The financial condition of the Town as well as the market price of and the market for the Obligations could be affected by a variety of factors, many of which are beyond the Town's control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Town to arrange for additional borrowings. In addition, the market for and the market value of the Obligations could be adversely affected if the Town encountered real or perceived difficulty in marketing notes or bonds to pay principal on outstanding notes or bonds at maturity. In the past, the Town has elected to issue bond anticipation notes without converting those notes to long-term bonds for as many as five years, as allowable under local finance law. As of August 11, 2020, the Town has \$160,884,534 of bond anticipation notes outstanding. If for any reason market access or the Town's ability to market its bonds or notes is disrupted and the Town is unable to refinance such notes through the issuance of renewal notes or bonds, the Town may not be able to pay principal and interest on such notes at maturity in accordance with their terms.

Uncertainty regarding the impact of the COVID-19 pandemic has caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds and notes. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, but the markets remain volatile. Under these conditions, holders of the Obligations may have more difficulty trading the Obligations on satisfactory terms, or at all.

Although the faith and credit of the Town have been pledged for the payment of the principal of and interest on the Obligations, the financial condition of the Town is dependent in part on State aid that has been and is expected to be received from the State in the future. However, the State is not constitutionally obligated to maintain or continue State aid to municipalities and school districts in the state, including the Town and, as a result, no assurance can be given that present State aid levels will be maintained in the future, particularly if the State should experience financial difficulty of its own. Furthermore, if the financial condition of the State should cause the State to delay making payments of State aid to municipalities and school districts in the State in any year, the Town may be adversely affected by such a delay. The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget,

the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available.

Under the Local Finance Law, if for any reason the Town anticipates not receiving payment of such State aid as needed, the Town is permitted to provide operating funds by borrowing in anticipation of the receipt of any uncollected State aid. However, there can be no assurance that the Town will have market access for any such borrowing on a cost effective basis if such need should arise. The elimination of or any substantial reduction in State aid would likely have a materially adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. See also "*TOWN OF OYSTER BAY - State Aid*" herein.

## **COVID-19 Pandemic**

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide.

The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State of New York has likewise declared a state of emergency and the Legislature has added "disease outbreak" to the definition of "disaster" (which already includes "epidemic") in the relevant Executive Law provision by adoption of Senate Bill S7919, signed by the Governor into law on March 3, 2020. Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement same. The Nassau County Executive declared a local state of emergency on March 13, 2020.

The Governor issued the "New York State on PAUSE" executive order, effective March 22, 2020, that directed all non-essential businesses statewide to close in-office personnel functions and banned all non-essential travel and gatherings. All schools and college facilities were closed for the remainder of the 2019-2020 academic year. All PAUSE restrictions and closures were extended until May 28, 2020, unless a region was able to meet the criteria outlined by the Governor to protect public health upon the reopening of specified businesses and activities. The Long Island region, which includes the Town, entered Phase I of its reopening plan on May 27, 2020, Phase II on June 10, 2020, Phase III on June 24, 2020, and Phase IV on July 8, 2020.

The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time.

The Official Statement contains information regarding the Town's 2020 adopted budget, which was prepared prior to the COVID-19 pandemic. The Town is projecting the following with respect to the Town's fiscal year 2020 revenues and expenses due to the COVID-19 pandemic:

- No change to the Town's real property tax revenues. Note that over 75% of the Town's total revenues comes from real property taxes.
- Significant decrease to non-property tax revenues such as sales tax, mortgage tax, building permits fees, and parks fees (collectively, "Other Revenues"). On May 18, 2020, Nassau County Comptroller Jack Schnirman released an analysis of the potential financial impact COVID-19 may have on the County's sales tax revenues, which projected a decline of 12.25% to 28.20% of planned 2020 sales tax revenue.
- Minor increase in expenditures related to the COVID-19 pandemic. As of July 2020, the Town has incurred approximately \$1.5 million in additional expenses. The Town expects that a significant portion of such expenses and any future COVID-19 related expenses will be eligible for reimbursement from the federal government. However, it is unknown how quickly the Town will be able to receive such reimbursement.
- A potential budget deficit is expected if Other Revenues decrease by 25% or more and portions of the COVID-19 related expenditures are not eligible for reimbursement by the federal government. The Town implemented a conservative approach when adopting the 2020 adopted budget for both revenues and expenses, which should mitigate the impact of any potential budget imbalance due to COVID-19.

The Town is currently not facing any liquidity issues due to the pandemic. The Town's tremendous financial turnaround over the past three years means that even if revenue receipts are delayed, the Town does not expect to borrow money for cash flow purposes in fiscal year 2020.



Any estimates described in this Official Statement are subject to change due to the dynamic nature of the coronavirus outbreak and uncertainties relating to its duration and severity and any actions that may be taken by the State or federal government to contain or mitigate its impact. In addition, such estimates are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. The continued spread of the outbreak could have a material adverse effect on the Town and its economy. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations. An outbreak or resurgence of COVID-19 in the region later in the year could have a material adverse effect on the State and the Town.

The information contained in this Official Statement is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the posting of this Official Statement does not, under any circumstances, imply that there has been no change in the affairs of the Town since the specified date as to which such information was provided.

## ENFORCEMENT OF REMEDIES

No principal of or interest on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

Potential purchasers of the Obligations should be aware, nonetheless, that under certain circumstances the obligations of the Town to the owners of the obligations might not be enforced precisely as written. Following is a brief review of certain general factors governing the enforcement of remedies against New York municipalities, such as the Town. Potential purchasers of the Obligations should consult their own professional advisors for more complete and detailed information on the factors reviewed below.

**General Municipal Law Contract Creditors' Provision.** Each general obligation issued by a New York municipality when duly issued and paid for will constitute a contract between the issuer of the general obligation (the "Obligor") and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Obligor upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment.

**Unavailability of Remedies of Levy and Attachment.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against an Obligor may not be enforced by levy and execution against property owned by the Obligor. The faith and credit pledge securing the Obligations requires a tax on real property to be levied to pay the principal of and interest on the Obligations, which levy may be enforced by mandamus under Article 78 of the Civil Practice Law and Rules.

**Constitutional Non-Appropriation Provision.** The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Obligor were to fail to make a required appropriation, however, the ability of affected owners of the Obligor's indebtedness to enforce this provision as written could be compromised or eliminated as described below under "*Bankruptcy*", "*State Debt Moratorium Law*" and "*Possible Priority of Continuation of Essential Public Services*".

Article VIII, Section 2 of the State Constitution providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments on bonds and certain notes, but does not apply to payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Bankruptcy.** The Federal Bankruptcy Code allows municipalities, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Town file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Obligations.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal

Bankruptcy Code, under certain circumstances, can provide municipalities with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Obligations should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Obligations could be deemed unsecured obligations of the Town in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Town may be able, without the consent and over the objection of owners of the Obligations, to impair and alter the terms and provisions of the Obligations, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Obligations to receive interest and principal from the Town and the enforceability of the Town's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Town (including the Obligations) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Obligations.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Town, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Obligations.

**State Debt Moratorium Law.** Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such Town of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

**Possible Priority of Continuation of Essential Public Services.** In prior years, litigation has resulted from certain events and legislation affecting the remedies of owners of municipal bonds or notes upon default. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

## HISTORICAL FINANCIAL OPERATIONS

### 2012 Storm Impact

In October 2012, the Town realized damage as a result of Hurricane Sandy. In December 2012, the Town issued \$15 million in budget notes to pay for the projected cost of the cleanup related to Hurricane Sandy. These budget notes were paid in full at their maturity in December 2013. A total of approximately \$28 million in expenses were documented for this purpose. The Town's grant coordinator was in contact with officials on both the Federal and State level. Ninety percent (90%) of expenses were to be reimbursed by Federal Emergency Management Agency (FEMA) and the State Emergency Management Association (SEMA) committed to reimburse the Town for the remaining 10%. The first reimbursement in the amount of \$13.1 million was received by the Town from FEMA in May of 2013. By late December 2014, the Town received the full 90% reimbursement of just over \$25 million from FEMA. The State reimbursed the Town for the remaining 10% in October 2015, an amount of nearly \$3 million.

In addition to the cleanup efforts, the Town was also in need of restoration as a result of the damage caused by Hurricane Sandy. In February 2013, the Town authorized the issuance of \$11.25 million in bonds to pay for the restoration of assets damaged by Hurricane Sandy. In August 2013, the Town issued \$7.5 million of bond anticipation notes and in February 2014 issued the remaining \$3,750,000 as bond anticipation notes against this authorization. Such bond anticipation notes have been partially redeemed and renewed at their maturities with FEMA/SEMA reimbursements, available funds and renewal notes. Thus far, the Town has received \$10.1 million from FEMA/SEMA in the form of reimbursements for this purpose. At this time, the Town expects to receive an additional \$800,000 of reimbursements to complete this project.

### 2012-2013 Budgetary Remediation Efforts

Beginning in 2007, the Town experienced operating deficits coinciding with the global recession. As a result, the Town used available surplus to help balance its budgets in the following years. In 2012, the Town budgeted as a revenue \$12.4 million on account of a litigation recovery from Nassau County. It became clear in the middle of 2012 that the litigation recovery funds would not be received from the County. At that time, it was determined that the Town needed to immediately cut expenses wherever possible.

In fiscal year 2012, the Town initiated a process of cutting its expenses and increasing revenues. All discretionary budget lines were cut by 20% (saving \$4 million) compared to the original 2012 budget. Non-contractual overtime was reduced by nearly 50% compared to 2011, saving the Town approximately \$3 million. The Town benefited from the passage of State legislation to enact a retirement incentive plan. Ninety employees took the retirement incentive in 2012, which saved the Town salary and benefit expenses of \$3.5 million in 2012 and has saved approximately \$10 million annually thereafter. The Town issued \$7,500,000 bonds with a ten year term to assist with the expenses associated with the employee separation plan. See "*Pension Systems - Employee Separation Plan – Chapter 178 of the Laws of 2012*" herein. Late in 2012, the Town reached an agreement with the Civil Service Employees Union Local 881 (the "Union") which froze salaries for 2013 and reduced the originally agreed upon salary increases in 2014 and 2015. Additionally, the Union agreed to a lag payroll in 2013 and 2014, effectively allowing the Town to defer the nearly \$4 million biweekly payroll for a period of two weeks for each lag. 2014 was the last agreed upon lag period. Various union concessions allowed the Town to realize \$9 million in savings in 2013. The Town also reached an agreement to sell land where the Town's Department of Public Works is housed in exchange for \$32.5 million. That sale was subject to a Town-wide vote held on August 20, 2013. The voters approved the sale and in 2013 the Town received \$30 million in proceeds from the sale of the \$32.5 million sale price of the land. In the Town's 2013 budget the Town budgeted \$17.5 million of the \$32.5 million for the sale of this surplus land. The remaining \$2.5 million from the sale was to be received by the Town 30 days after the Town vacates the premises. See "*LITIGATION AND CERTAIN ONGOING INVESTIGATIONS - DPW Property Litigation*" herein.

### 2013 Year End Results

In fiscal year 2013, the Town continued to cut expenses and worked to increase revenues. In 2013, the Town raised taxes by 3.81% resulting in \$6.7 million in recurring revenue. In fiscal year 2013, the Town's total general fund revenues of \$100.9 million (including \$6.7 million received in general fund related to land sale proceeds) and total general fund expenditures of approximately \$92.5 million left the Town with an estimated operating surplus of \$8.4 million. The Town ended fiscal year 2012 with a cumulative General Fund deficit of \$6.9 million which, after the \$8.4 million 2013 operating surplus, left the Town with an estimated cumulative General Fund balance of \$1.5 million. The Town also saw significant surpluses from the result of operations in 2013 in other major funds, such as Part Town, Sanitation and Solid Waste.

### 2014 Year End Results

Audited results for the fiscal year ended December 31, 2014 were not released until April 2016 due to a delay caused by

the Town's implementation of new accounting software. In January 2014, the Town implemented Microsoft Dynamics AX ("AX") to replace the nearly 40 year old "mainframe" style software for its financial and accounting needs. AX was not implemented as planned, however, and many of the problems that arose were not reasonably foreseeable. There were numerous difficulties using the system which required workarounds in order to meet the Town's reporting and information goals. As 2014 progressed, certain processes were altered to improve the performance of the system. This meant that during 2014 the same process may have been done in multiple ways. During the first year with AX, it was clear that the Town would need to change the default account requirement structure. That was not able to be done during the year, so as of January 1, 2015 all account structures were modified. This meant that leftover budget amounts from 2014 needed to be converted into the 2015 account structure. There were many reporting and information difficulties throughout the 2014 year and into 2015 as a result of these and other issues with the use of the AX system.

The Town's accountants worked diligently throughout 2015 and continued to do so into 2016 in an attempt to re-form and overcome these multi-year system difficulties. The Town's auditors and accountants worked together to provide unaudited figures for the fiscal year ended December 31, 2014 on March 31, 2016 and audited figures on April 12, 2016.

Audited figures showed an overall operating deficit of approximately \$27 million for all major funds for year-end 2014. The breakdown by fund was as follows: the General Fund had a \$19 million operating deficit, the Highway Fund had an \$8.7 million operating deficit, the Part-Town fund had a \$2 million operating surplus and the operations of the Special Districts Fund generated a deficit of approximately \$1 million. The breakdown of cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$17.5 million, the Highway Fund had a cumulative operating deficit of \$4.8 million, the Part-Town Fund had a cumulative operating surplus of \$400,000 and the Special Districts Fund had a cumulative operating deficit of \$19 million.

## **RECENT FINANCIAL OPERATIONS**

### **2015 Audited Year End Results**

The Town's Audited Financial Statements for fiscal year ended December 31, 2015 became available on January 17, 2017. Audited figures showed an overall operating deficit for year-end 2015 of approximately \$2 million. The breakdown by fund was as follows: the operations of the General Fund had a deficit of \$7.7 million, the Highway Fund had a surplus of \$1.9 million, the Garbage Collection Districts Fund had a surplus of \$900,000 and the Solid Waste Disposal District Fund had a deficit of \$1.9 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$25.2 million, the Highway Fund had a cumulative operating deficit of \$2.8 million, the Garbage Collection Districts Fund had cumulative operating deficit of \$6.9 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$15.2 million, the Debt Service Fund had a cumulative operating surplus of \$1.7 million, and the Non Major Governmental Funds had a cumulative operating surplus of \$6.4 million.

### **2016 Audited Year End Results**

The Town's Audited Financial Statements for fiscal year ended December 31, 2016 were released on June 30, 2017. Audited figures showed an overall operating surplus for year-end 2016 of approximately \$17.7 million. The breakdown by fund is as follows: the operations of the General Fund had a deficit of \$12.1 million, the Highway Fund had a deficit of \$410,000, the Garbage Collection Districts Fund had a surplus of \$18.2 million, the Solid Waste Disposal District Fund had a surplus of \$5.6 million, the Debt Service Fund had a surplus of \$1.7 million and Other Governmental Funds had a surplus of \$6.4 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$39.9 million, the Highway Fund had a cumulative operating deficit of \$3.2 million, the Garbage Collection Districts Fund had cumulative operating surplus of \$11.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$9.5 million, the Debt Service Fund had a cumulative operating surplus of \$2.1 million, and the Non Major Governmental Funds had a cumulative operating surplus of \$12.5 million.

The overall fund balance position of the Town's Solid Waste Disposal District Fund and Garbage Collection Districts was impacted by certain litigation settlements involving KeySpan and Verizon, for which the Town had been waiting on reimbursement from the County. Such reimbursements were not paid until May 2016 and March 2017. See "*CASH FLOW BORROWING*" herein.

### **2017 Audited Year End Results**

The Town's Audited Financial Statements for fiscal year ended December 31, 2017 were released on June 28, 2018. A prior period adjustment restated the cumulative fund balance in the Non Major Governmental Funds from \$12.5 million to \$15 million. This meant that the overall cumulative deficit entering 2017 was reduced to \$24.3 million. Audited figures for 2017 show an overall operating surplus of approximately \$16.9 million. The breakdown by fund is as follows: the operations of the

General Fund had a surplus of \$17.9 million, the Highway Fund had a deficit of \$900,000, the Garbage Collection Districts Fund had a deficit of \$7 million, the Solid Waste Disposal District Fund had a surplus of \$3.5 million, the Debt Service Fund had a surplus of \$450,000 and Other Governmental Funds had a surplus of \$750,000. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$22 million, the Highway Fund had a cumulative operating deficit of \$4.1 million, the Garbage Collection Districts Fund had cumulative operating surplus of \$4.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6 million, the Debt Service Fund had a cumulative operating surplus of \$2.5 million, and the Non Major Governmental Funds had a cumulative operating surplus of \$15.7 million.

The Town improved its overall position by more than \$35 million in 2016 and 2017, reducing the cumulative deficit from a high of \$44.6 million as of December 31, 2015 to an overall deficit of \$9.5 million as of December 31, 2017.

### **2018 Audited Year End Results**

The Town's Audited Financial Statements for fiscal year ended December 31, 2018 were released on June 28, 2019. Audited figures for 2018 show an overall operating surplus of approximately \$17.7 million. The breakdown by fund is as follows: the operations of the General Fund had a surplus of \$11.6 million, the Highway Fund had a surplus of \$6.8 million, the Garbage Collection Districts Fund had a deficit of \$1 million, the Solid Waste Disposal District Fund had a deficit of \$400,000, the Debt Service Fund had a deficit of \$2.5 million and Other Governmental Funds had a surplus of \$3.2 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$10.4 million, the Highway Fund had a cumulative operating surplus of \$2.6 million, the Garbage Collection Districts Fund had a cumulative operating surplus of \$3.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6.4 million, the Debt Service Fund had a cumulative operating surplus of \$100,000, and the Non Major Governmental Funds had a cumulative operating surplus of \$18.9 million.

The Town improved its overall position by more than \$52 million between 2016 and 2018. A cumulative deficit which reached a high of \$44.6 million as of December 31, 2015 has been completely eliminated. As of December 31, 2018, the Town reported a cumulative surplus of \$8.2 million. It is the first cumulative surplus reported since 2011.

### **2019 Audited Year End Results**

The Town's Audited Financial Statements for fiscal year ended December 31, 2019 were released on June 30, 2020. Audited figures for 2019 show an overall operating surplus of approximately \$19.2 million. The breakdown by fund is as follows: the operations of the General Fund had a surplus of \$18.6 million, the Highway Fund had a surplus of \$3.4 million, the Garbage Collection Districts Fund had a surplus of \$180,000, the Solid Waste Disposal District Fund had a deficit of \$460,000, the Debt Service Fund finished exactly even and Other Governmental Funds had a deficit of \$2.6 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating surplus of \$8.2 million, the Highway Fund had a cumulative operating surplus of \$6.1 million, the Garbage Collection Districts Fund had a cumulative operating surplus of \$3.5 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6.9 million, the Debt Service Fund had a cumulative operating surplus of \$100,000, and the Non Major Governmental Funds had a cumulative operating surplus of \$16.4 million. See "*APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019.*"

The Town improved its overall position by more than \$71 million between 2016 and 2019. As of December 31, 2019, the Town reported a cumulative surplus of \$27.4 million. It is the largest cumulative surplus reported since 2008.

### **2020 Budget**

The 2020 budget was adopted on October 29, 2019 with no increase to the tax levy. Overall spending is projected to be at \$306.5 million. Estimates for revenues and expenses are conservative throughout the budget. The budget contains no one-shot revenues and does not include the use of any fund balance.

For a discussion on the projected impact of the COVID-19 pandemic on the Town's revenues and expenses for fiscal year 2020, see "*BONDHOLDER RISKS – COVID-19 Pandemic*" herein.

## TOWN OF OYSTER BAY

### General Information

The Town of Oyster Bay, located in the easternmost section of Nassau County, was originally settled in 1653. The Town encompasses an area of approximately 114.6 square miles.

According to the U.S. Census Bureau, the population of the Town was as follows:

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1960	290,055	2000	293,925
1970	333,342	2010	293,214
1980	305,750	2018	298,388
1990	292,657	2019 <sup>(1)</sup>	298,391

<sup>(1)</sup> The most recent U.S. Census Bureau estimate of the Town's population.

The Town, particularly in the northern section, has a number of incorporated villages in addition to unincorporated residential areas. There are many types of diversified industries throughout the central and southern portion of the Town. The southern section of the Town adjoins the Great South Bay and Jones Beach and is basically a residential community with a substantial commuting population.

Primary roads include the Northern State Parkway, the Southern State Parkway, the Long Island Expressway, Jericho Turnpike, Old Country Road, Sunrise Highway, Merrick Road and Route 25A, all of which run in an east-west direction. Routes 106, 107 and 135 are the primary north-south routes. Many commuters use the Long Island Rail Road (Metropolitan Transit Authority) which has, in addition to the main lines, several branches serving the Town.

Fire protection in the Town is provided by a number of volunteer fire companies which have a total of about 2,500 volunteers. They have available to them modern equipment and several fire houses. Some areas in the Town are served by contract fire companies, but the bulk of the Town is served by organized fire districts which adopt their own budgets and levy their own taxes.

Police protection in the Town is furnished by the Nassau County Police Department. A few villages have their own police departments. Even in these areas, the Nassau County Police Department supplies technical facilities to the smaller forces.

Public school facilities located throughout the Town are under the jurisdiction of several school districts located therein (See "*Form of Town Government*" herein). In addition to public schools, there are a number of private and parochial schools. Higher education institutions located within or near the Town include Adelphi University in Garden City, Hofstra University in Hempstead, Long Island University C.W. Post Center in Brookville, the State University in Farmingdale and in Old Westbury, Nassau Community College in Garden City, Briarcliffe College in Bethpage and The New York Institute of Technology in Old Westbury.

Recreational facilities throughout the Town include public and private beaches on both the north and south shores. The Town maintains four community parks, which include swimming pools and ice-skating facilities, and an 18-hole golf course with clubhouse. Cantiague Park, a County park, is located in the Village of Hicksville and includes a variety of recreational facilities. Most of Bethpage State Park is located within the Town.

Hospital facilities in the Town include North Shore University Hospital in Plainview, Massapequa General Hospital, Syosset Community Hospital and St. Joseph's Hospital in Bethpage.

Major shopping facilities available to Town residents include the Sunrise Mall in Massapequa. This center covers approximately 1.5 million square feet and includes a 200,000 square foot Macy's department store and a Sears store. Other large shopping centers are located throughout the Town and include the Broadway Mall in Hicksville where department stores such as Macy's, IKEA home furnishings and Target anchor this 140 store complex. Sears Roebuck & Co. is located in Hicksville on six-lane Broadway (Route 107) across from the Broadway Mall.

Considerable industrial expansion has taken place within the Town during the last four decades. Industrial parks have provided employment for many thousands of persons who settled in the Town over this span of time.

The Nassau County Industrial Development Agency was named 2010 Industrial Development Agency of the Year by the Long Island Business News for the conversion of Lunar Module Park into the largest movie production studio in the State. The massive structures that once housed the building of the lunar modules that traversed the moon's surface 40 years ago have been

redeveloped into a fully functioning movie production studio. Grumman Studios, located within the Town, is comprised of a 500,000 square foot facility with seven expansive sound stages with massive storage capacity, surrounded by thirty acres of paved outdoor space for set construction and parking. Grumman Studios is a qualified New York State production facility, the largest in the greater New York area, and is only minutes from midtown Manhattan. Productions shot at Grumman are eligible for tax incentives through the State.

Source: *Town officials*.

## **Form of Town Government**

The Town is classified under the State Town Law as a suburban town and as such enjoys greater autonomy than a first class town. Located within the Town are eighteen incorporated villages, three of which are partially located in neighboring towns. The villages all have independent forms of government, but real property located in villages in the Town is subject to taxation by the Town for certain Town purposes. In addition, there are fourteen independently governed school districts and a number of fire districts, which rely upon their own taxing powers, granted by the State, to raise revenues. Eight of these school districts are located entirely within the Town, while parts of the other six districts are located in neighboring towns. See “*Other Information*” for a chart of entities which levy taxes on real property in the Town.

The Chief Executive Officer and Chief Fiscal Officer of the Town is the Supervisor, who is elected for a term of two years and is eligible to succeed himself. The Supervisor is a member and the presiding officer of the Town Board. In addition to the Supervisor, there are six members of the Town Board who are elected at-large for four year terms. The terms are staggered so that every two years the Supervisor and three Councilpersons are elected. There is no limitation as to the number of terms which may be served by the Supervisor or other members of the Town Board.

The Town Board appoints the Town Attorney, Comptroller and Commissioner of Public Works, whose terms are fixed by Town Law. The Town Clerk and the Receiver of Taxes are elected and serve for two years and four years, respectively. The Director of Finance is appointed by the Supervisor. The Town Board appoints the following eight Commissioners: Environmental Resources, Public Safety, General Services, Human Resources, Community and Youth Services, Intergovernmental Affairs, Parks, and Planning and Development.

On January 17, 2017, a bill was introduced in the State Senate to authorize the appointment of a state monitor by the State Comptroller to provide direct oversight of the fiscal policies, practices and decisions of the Town. In January 2019, state legislators reintroduced a bill to impose a state fiscal monitor on the Town. The Town cannot predict whether this bill will be enacted into law or, if enacted, what its effect would be.

## **Economic Development**

The Town of Oyster Bay is in the midst of a number of important economic development initiatives involving regionally significant projects conforming to the Town’s goals for preserving its suburban character. A key project which is expected to contribute substantial financial stimulus in the near-term future is Country Pointe at Plainview, which is described briefly below.

***Country Pointe at Plainview:*** is a mixed use development on 143 acres on Old Country Road in Plainview-Old Bethpage. The change of zone/site plan application was approved by the Town Board in May 2015. The project build-out period began in 2016 and the commercial areas have been completed with various tenancies still being constructed. The residential construction is just past 50% completed and the residential construction is expected to continue until 2022.

As approved, Country Pointe at Plainview consists of:

- 750 multi-family residential units, including 420 condominium units (anticipated unit sale price \$650,000), 134 flats (\$600,000), 106 townhouses (\$950,000), and 90 senior price-controlled units (\$250,000); and
- Commercial development totaling 118,450 square feet, including a 71,450-square foot supermarket, 3,000-square foot bank, and 44,000 square feet of other retail space.

Total annual property tax revenues generated by Country Pointe at Plainview are projected to be \$17.55 million, of which approximately \$2.34 million is expected to be directed to the Town. It is estimated that this project will create approximately 600 construction jobs and approximately 500 permanent jobs at build-out, along with appreciable secondary economic activity associated with those jobs.

The total sales price of the 750 residential units in Country Pointe at Plainview is projected at approximately \$477 million and is expected to provide substantial income to the Town in mortgage taxes. Other significant revenue streams expected to be generated by this project include building permit fees and the Town's portion of sales taxes for the supermarket and other retail space.

Source: Town officials.

**Selected Listing of Major Employers Located in or within close proximity to the Town**

<u>Employment Code</u>	<u>Approx. Number of Employees</u>	
A	More than 10,000	
B	5,000 to 9,999	
C	1,000 to 4,999	

<u>Employer</u>	<u>Type of Business</u>	<u>Employment Code</u>
Gate Gourmet Inc	Airport Services	A
North Shore Univ. Hosp. Med.	Hospitals	B
North Shore Hospital Pharmacy	Pharmacies	B
Pro Health ENT	Otorhinolaryngology Ear Nose Physician	B
Winthrop-University Hospital	Hospitals	B
Adelphi University	Schools-Universities & Colleges	C
Baldwin Union Free School Dist.	School Districts	C
Best Yet Market Inc.	Grocers-Retail	C
Darby Dental Supply	Dental Equipment & Supplies-Wholesale	C
Dealer Track Technologies	Publishers-Computer Software (Mfrs)	C
Commercial Building Mntnc.	Cleaners	C
Hofstra University	University-College Dept/Facility/Office	C
Hofstra University Law School	Law Schools	C
Jay Paul Assoc.	Building Construction-Consultants	C
Landauer Medstar	Hospital Equipment & Supplies-Mfrs	C
Lightpath	Internet Service	C
Long Island Jewish Valley Strm	Hospitals	C
Long Island University-Post	Schools-Universities & Colleges A	C
Mercy Medical Ctr.	Hospitals	C
Nassau Community College	Junior-Community College-Tech Inst.	C
Nassau County Police Dept.	Police Departments	C
NASSAU Inter-County Express	Bus Lines	C
Nassau University Medical Ctr.	Hospitals	C
North Shore Court Reporters	Court & Convention Reporters	C
Plainview Hospital	Hospitals	C
Simonette & Assoc.	Attorneys	C
South Nassau Communities Hosp.	Hospitals	C
St Francis Hospital	Hospitals	C

Source: Reference USA - Verified Employers, Nassau County, New York (accessed January 27, 2020).

Note: These figures pre-date the emergence of the COVID-19 pandemic, the impact of which is not predictable at this time.



## Unemployment Rates

Unemployment statistics are available for the Town, the County and the State. The information set forth below are included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the figures for the County, and/or the State are necessarily representative of the Town.

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Oyster Bay Town	6.5%	5.5%	4.4%	3.9%	3.7%	3.8%	3.3%
Nassau County	7.0	5.9	4.8	4.2	3.9	4.1	3.5
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1

	<u>2020 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Oyster Bay Town	3.3%	3.2%	3.5%	15.6%	11.7%	12.4%
Nassau County	3.6	3.5	3.6	15.6	12.0%	13.0
New York State	4.1	3.9	4.2	15.0	14.2%	15.6

Note: Figures not seasonally adjusted. Figures in this section are historical and do not speak as to current or projected unemployment rates. Unemployment rates are expected to increase substantially for the foreseeable future as a result of the COVID-19 pandemic.

Source: State of New York, Department of Labor.

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## Listing of Larger Taxable Properties

<u>Name</u>	<u>Type</u>	<u>2019 Assessed Value</u>
KeySpan Gas East	Public Utility – Public Franchise	2,104,018
Verizon NY	Public Utility – Public Franchise	1,035,211
Sunrise Mall LLC	Shopping Mall	1,003,517
Long Island Power Authority	Public Utility – Public Franchise	744,779 <sup>(1)</sup>
Jericho Plaza LLC	Office Buildings	622,208
Broadway Mall (KRE Broadway Owner LLC)	Shopping Mall	540,258
JQ Associates	Office Buildings	407,546
Northrop Grumman Systems Co.	Aviation	376,173
92 FHB LLC	Apartments	339,277
Norwich Gate Company LLC	Apartments	338,455
Sunrise Mass LLC	Shopping Center	338,164
TreeCo Centers Limited Partnership	Office Buildings	325,782
Associated Brook Inc.	Office Buildings	296,496
Home Properties Westwood Village LLC	Apartments	276,857
Steel LLC	Storage & Warehouse Facilities	260,869
Sunrise Promenade Associates	Shopping Mall	218,024
Plainview Properties SPE LLC	Professional Building	215,022
Home Depot USA Inc	Retail Store	208,380
RA 6800 Jericho Turnpike LLC	Office Buildings	198,931
New York Water	Public Utility	183,447
Cedar-Carmans LLC	Shopping Center	182,179
Seritage SRC Finance LLC	Real Estate Company	179,562
C&B Realty Co #3	Real Estate Company	154,289
1055 Stewart Ave Realty LLC	Real Estate Company	144,307
Total		\$10,693,751

- <sup>(1)</sup> On May 28, 1998, certain stock of Long Island Lighting Company (“LILCO”) was acquired by the Long Island Power Authority (“LIPA”), a corporate municipality of the State, and LILCO became a wholly-owned subsidiary of LIPA. Certain assets of LILCO, including power generating assets and assets related to gas service, were simultaneously transferred to the newly-established KeySpan Corporation (“KeySpan”) as part of LILCO’s merger with Brooklyn Union Gas. However, as of January 1, 2014 the Public Service Electric Gas Company of Long Island (“PSEG Long Island”) is operating and managing LIPA, and handling customer billing and customer service.

In 2007, KeySpan was acquired by National Grid. National Grid continues to own and operate LILCO’s electric power plants, while PSEG Long Island manages the electric transmission and distribution system pursuant to contracts with LIPA. National Grid also owns LILCO’s gas lines and sells gas to former LILCO customers.

LILCO had been the Town’s largest real property taxpayer. The Long Island Power Authority Act requires LIPA to make payments in lieu of taxes (“PILOTs”) to municipalities and school districts equal to the property taxes that would have been received by each jurisdiction from LILCO if the acquisition by LIPA had not occurred and to make PILOTs for certain State and local taxes which would otherwise have been imposed on LILCO. The PILOT payments expected to be received by the Town will equal the ad valorem taxes that would have been paid by LIPA. Accordingly, there is no positive or negative effect on the overall revenues received by the Town from LIPA.

Note: The assessments for larger taxpayers listed above aggregate \$10,693,751 and represent approximately 7.93% of the Town’s tax base for the 2019 fiscal year.

## Building Permits

<u>Year</u>	<u>Total Number of Permits</u>	<u>One Family Dwellings</u>	<u>Two Family Dwellings</u>	<u>Commercials</u>	<u>Apartments and Condominiums</u>	<u>Number</u>	<u>Units</u>	<u>Other</u>
2010	4,544	60	0	293	15	44		4,176
2011	4,939	73	0	921	0	0		2,545
2012	4,730	90	0	795	0	0		3,845
2013	5,900	153	0	1,062	0	0		4,685
2014	5,616	117	0	866	0	0		4,633
2015	5,460	131	0	715	0	0		4,614
2016	5,140	143	0	1,161	0	0		3,836
2017	6,070	130	0	1,013	0	0		4,927
2018	6,262	176	0	997	0	0		5,089
2019	5,838	125	0	1,093	0	0		4,620

Source: *Town officials*.

It is anticipated that the COVID-19 pandemic and the resulting economic disruption may impact the total number of permits and the collection of building permit fees for the 2020 fiscal year. See “*BONDHOLDER RISKS – COVID-19 Pandemic*” herein. See page 123 of “*APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019*” for the amount of building fees collected for fiscal year 2019. Historical numbers included herein are not indicative of future results.

## Financial Organization of the Town

The Supervisor is the treasurer and chief fiscal officer of the Town. The Director of Finance is responsible to the Supervisor and serves as the Town’s Budget Officer.

The Comptroller is the accounting officer and his duties include administration, direction and control of the divisions of Accounting, Accounts Payable, Electronic Data Processing, Internal Audit and Payroll.

## Budgetary Procedures

The Supervisor is responsible for the preparation of the tentative annual operating and capital budgets. The Town Board receives the tentative budgets and prepares preliminary operating and capital budgets and a public hearing is held thereon. Subsequent to the public hearing, revisions can be made and the budgets are then adopted by the Town Board as final for the coming fiscal year. The budgets are not subject to referendum. See “*TAX LEVY LIMIT LAW*” herein.

## Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to temporarily invest moneys which are not immediately required for expenditures, but may invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of New York public benefits corporations which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Town’s investments are governed by a formal investment policy. The Town’s monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (C.L.A.S.S.), which is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations.

It is the Town’s policy to require collateral for demand deposits and certificates of deposit for all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies

and obligations of the State and its municipalities and school districts.

## Financial Statements

The Town complies with the Uniform System of Accounts as prescribed for Towns in the State by the State Comptroller. Except as set forth in the Independent Auditors' Report of Albrecht, Viggiano, Zureck & Company, P.C., the financial statements of the Town for the fiscal year ended December 31, 2019 were prepared in conformity with generally accepted accounting principles as applied to governmental units. The financial statements for the fiscal year ended December 31, 2019 are in "APPENDIX B" attached hereto. The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Town's audit is typically released on June 30<sup>th</sup> of the succeeding year, except as noted below:

<u>Fiscal Year Ending December 31,</u>	<u>Audit Release Date</u>
2015	January 17, 2017 <sup>(1)</sup>
2016	June 30, 2017
2017	June 30, 2018
2018	June 28, 2019
2019	June 30, 2020

- <sup>(1)</sup> This delay was due strictly to the unforeseen delay in producing the 2014 audit. In 2014, the Town changed its accounting software for the first time in approximately 40 years. The Town experienced significant delays caused by the implementation of the new accounting software. It took the Town the entirety of the 2015 year and the beginning of 2016 to overcome the implementation difficulties that began in 2014 and continued into 2015.

**GASB 34.** Since the fiscal year ended December 31, 2003, the Town has been required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town is in compliance with GASB Statement No. 34.

**GASB 45.** Beginning with fiscal year ended December 31, 2011, the Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions (GASB 54). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources rather than availability for appropriation.

## New York State Comptroller Audits

The Office of the State Comptroller periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The Town had an audit completed to examine internal controls over selected financial operations for the period January 1, 2010 through October 31, 2011. The report was released by the State Comptroller on December 20, 2013. A copy of the complete report and response of the Town can be found via the website of the Office of the New York State Comptroller.

On July 30, 2019, the Town received notice that the Division of Local Government and School Accountability of the Office of the State Comptroller has selected the Town for an audit. The audit will focus on policies and procedures related to internal controls at the Town. Upon the conclusion of the audit, the State Comptroller will report on the audit's results and may provide recommendations to help improve the Town's operations. The auditors examined the policies and procedures of several departments of the Town and did not find any major issues that required a full audit. In late 2019, the State Comptroller's office notified the Town that it has decided to audit the Town's financial condition. This audit is currently in progress.

The Division of Local Government and School Accountability of the Office of the State Comptroller is conducting a state-wide audit on ethics oversight. The Town of Oyster Bay is one of the twenty municipalities selected throughout the state for this audit. This is not a financial audit. The audit period covers January 1, 2017 – September 30, 2018. A global report will be issued highlighting the commonality of themes and trends on ethics oversight.

Source: *Website of the Office of the New York State Comptroller and Letter from State Comptroller dated July 30, 2019.*

Note: Reference to website implies no warranty of accuracy of information therein.

## The State Comptroller's Fiscal Stress Monitoring System

The State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three fiscal years of the Town are as follows:

<u>Fiscal Year Ending</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2016	Not Filed <sup>(1)</sup>	N/A
2017	Significant Fiscal Stress	76.7
2018	Significant Fiscal Stress	70.0

- <sup>(1)</sup> In order to receive FSMS scores, local governments must report their financial data to the State Comptroller. They are required by law to file their Annual Financial Update Reports within 120 days (about four months) of the end of their fiscal year. The FSMS scores reported also include data from late filers who filed within eight months after the end of the fiscal year. In some cases, financial data was filed but was not sufficiently complete to calculate FSMS scores. These filings are deemed "inconclusive" at the time of the FSMS score assignment. The Town failed to file its financial data in time to the State Comptroller to receive a fiscal stress score in fiscal years 2014-2016. Due to the delayed delivery of audited financial statements for fiscal years 2014 through and including 2016, the Town was unable to file on a timely basis. In cases where local governments, such as the Town, did not file its financial data as of the specified snapshot date, that entity is classified as "Have Not Filed".

Source: *Website of the Office of the New York State Comptroller.*

Note: Reference to website implies no warranty of accuracy of information therein.

## State Aid

The Town receives financial assistance from the State and the County. Some State Aid is paid to the Town by the State, but most is paid to the Town by the County pursuant to State Law. The County collects mortgage and sales tax pursuant to State Law and is required to periodically remit the Town's portion to the Town. See "*State and Federal Aid Revenues*" table below. If the financial condition of the State should cause the State to delay making payments of State aid to municipalities and school districts in the State in any year, the Town may be adversely affected by such a delay. The State's Annual Information Statement is updated quarterly by the State and may be obtained from the New York State Division of the Budget, which makes this and other financial information available through its website.

The State is not constitutionally obligated to maintain or continue State aid to municipalities and school districts in the state, including the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid would likely have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. See also "*BONDHOLDER RISKS*" herein.

The Town is dependent in part on financial assistance from the State, most of which is passed through to the Town by the County. In recent years, the Town's receipt of State aid has been delayed as a result of the County's delay in distributing State aid to towns within its borders, including the Town. As a result, the Town has issued revenue anticipation notes for cash flow purposes. Should the County continue to delay payments to the towns within its borders, including the Town, in this year or future years, the Town may be affected by such a delay. See "*Cash Flow Borrowings*" herein.

## State and Federal Aid Revenues

The Town receives financial assistance from the State and the County. A portion of the aid received from the County includes mortgage tax. The following table illustrates the percentage of total State and Federal aid revenues of the Town for each of the completed fiscal years 2010 through 2019, and budgeted figures for the 2019 and 2020 fiscal year.

Fiscal Year Ending December 31st	Mortgage Tax	Total Mortgage Tax and Other State & Federal Aid	Total Revenues <sup>(1)</sup>	Percentage of Total Revenues Consisting of Mortgage Tax and Other State & Federal Aid
2010	\$9,046,023	\$11,202,136	\$92,293,898	12.14%
2011	8,519,298	10,468,237	97,690,954	10.72
2012	9,502,116	11,723,364	108,819,566	10.77
2013	10,200,671	12,147,616	124,354,082	9.77
2014	8,645,289	10,580,072	109,699,028	9.64
2015	10,629,188	12,600,655	114,687,448	10.99
2016	11,997,472	14,001,428	116,416,593	12.03
2017	12,444,217	14,332,879	144,788,857	9.90
2018	11,406,809	13,319,621	138,688,411	9.60
2019 (Budgeted) <sup>(2)</sup>	2,055,822	3,903,244	129,210,080	3.02
2019 (Actual)	12,654,751	12,966,257	148,233,745	8.75
2020 (Budgeted) <sup>(3)</sup>	2,194,925	4,042,347	133,368,791	3.03

<sup>(1)</sup> General Fund only.

<sup>(2)</sup> The Town has budgeted for less than the amount expected to be received during fiscal year 2019.

<sup>(3)</sup> The Town expects to receive approximately \$7 million more than the budgeted amount during fiscal year 2020. No assurance can be provided that the pandemic and resulting economic disruption will not result in collections that are lower than projected herein. Historical numbers included herein are not indicative of future results. See “*BONDHOLDER RISKS – COVID-19 Pandemic*” herein.

Source: Town audited financial reports for the fiscal years 2010 through and including 2019 and the Town’s 2020 Adopted Budget. This table is not audited.

## Sales Tax Revenues

The following table illustrates the total Sales Tax revenues of the Town for each of the following completed fiscal years:

Fiscal Year Ending	Sales Tax Revenues	Percentage of Total Revenues Consisting of Sales Tax
2010	\$13,331,035	14.44%
2011	13,144,675	13.46
2012	13,733,876	12.62
2013	14,680,867	11.81
2014	13,942,484	12.71
2015	14,258,755	12.43
2016	14,556,122	12.50
2017	14,959,916	10.33
2018	15,497,649	11.17
2019	16,050,206	11.19
2020 (Budgeted)	15,500,000 <sup>(1)</sup>	11.62

<sup>(1)</sup> It is anticipated that the COVID-19 pandemic will have a significant impact on the collection of sales tax for the 2020 fiscal year. No assurance can be provided that the pandemic and resulting economic disruption will not result in collections that are lower than projected herein. Historical numbers included herein are not indicative of future results. See “*BONDHOLDER RISKS – COVID-19 Pandemic*” herein.

The total Sales Tax revenues of the Town for each of fiscal years shown above may be found in “APPENDICES A1 and A2” to this Official Statement as well as in the referenced audited financial reports of the Town.

Source: Town audited financial reports for the fiscal years 2010 through and including 2019, and the Town’s 2020 Adopted Budget. This table is not audited.

## Employees

The following table illustrates the number of full-time Town employees at the beginning of each of the following fiscal years:

As of January	Number of Employees
2015	1,185
2016	1,148
2017	1,025
2018	998
2019	993
2020	1,011

As of January 2020, the Town provides services through approximately 1,011 employees, 930 of which are represented by the Nassau County Chapter of the Civil Service Employees Association. The collective bargaining agreement between the Town and the Town of Oyster Bay Unit of the Nassau County Chapter of the Civil Service Employees Association, the sole bargaining agent for full-time Town employees, expired on December 31, 2016. Union employees voted to approve a new contract on January 4, 2017. The Town Board approved the contract on January 10, 2017. The length of the contract is five years, and includes a no layoff clause for the duration of the contract. All employee salaries were reduced by 2% in 2017 and 2018. In 2018, an amendment was made to the contract, providing for employee salaries to be restored back to December 31, 2016 levels in July 2018 (rather than in January 2019 as provided for in the original contract). In 2020, all employees received an increase of 1.5% on January 1st and will receive an increase of 1.9% on July 1st. In 2021, all employees will receive an increase of 1.9% on January 1st.

In 2019, the total health care benefits paid for by the Town of all employees including retirees was \$37,080,854. In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. Substantially all of the Town’s employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through the Empire Plan whose premiums are based on the benefits paid throughout the State during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the following fiscal years, the Town paid the following amounts on behalf of retirees, which were recorded as an expenditure in the various funds.

Year	Retirees	Amount Paid
2014	771	\$8,484,365
2015	769	8,641,777
2016	826	9,582,317
2017	821	10,624,228
2018	845	11,565,832
2019	840	11,299,190

The Town changed its method of accounting for the provision of such benefits pursuant to GASB 75, as defined below under the heading “*Pension Payments*” and “*Other Post-Retirement Employee Benefits*”.

Employees of the Town may elect to participate in the Town of Oyster Bay Employee Deferred Compensation Plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. As of December 31, 2018, the value of the assets of the plan totaled \$103,314,995. These assets are held in trust for the exclusive benefit of plan participants and their beneficiaries. The Town has no further future liability to pay for the deferred compensation.

## Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") (the "Retirement System"). The Retirement System is cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law" or "NYSRSSL"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members who joined prior to July 27, 1976. All members who joined on or after July 27, 1976, but before January 1, 2010 with respect to ERS, with less than ten years of service, must contribute 3% of gross annual salary toward the cost of retirement programs.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town which could affect other budgetary matters.

Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Patterson signed into law pension reform legislation. The legislation created a new Tier V pension level, the most significant reform of the state's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilian employees can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian employee who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, Governor Cuomo signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

*Historical Trends and Contribution Rates:* Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990's, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% of payroll for the employees'. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.



A chart of average ERS rates (2016 through 2020) is shown below:

Fiscal Year Ending	ERS
2016	18.2%
2017	15.5
2018	15.3
2019	14.9
2020	14.6

In 2013, a pension smoothing option was introduced in the State Legislature that would let municipalities and school districts amortize over seven years some of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs in general for employees across the State. The pension smoothing option, which was approved as part of the State's 2013-14 budget, authorizes municipalities and school districts to contribute 14.13% of employee costs toward pensions for the 2014-15 year, rather than the 16.25% otherwise required without using the pension smoothing option. The Town did not pursue this option and does not anticipate doing so for the foreseeable future.

The following table presents the amount of payments by the Town to the New York State Retirement Systems for the fiscal years ending 2015 through 2019, as well as the budgeted amount for the 2020 fiscal year:

Fiscal Year Ending	ERS
2015	\$14,306,883
2016	14,694,141
2017	16,686,232
2018	14,894,447
2019	15,227,487
2020	15,735,031 (Budgeted)

Note: The table above is not audited.

Source: *Town of Oyster Bay*.

Uncertainty regarding the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. The impact of such volatility on future contribution rates, if any, are unknown at this time. See “*BONDHOLDER RISKS*” herein for further details.

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*Amortization of Pension Payments.* Pursuant to Chapter 57 of the Law of 2010 and to Chapter 57 of the Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for up to ten years and twelve years, respectively. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. The Town opted to utilize these programs in its 2012, 2013, 2014, 2015, 2016 and 2017 fiscal years. Similar to many other jurisdictions in the State, the Town may amortize its pension payments for future years to the extent allowable under law. The Total Unpaid Liability for the fiscal years 2011 through 2017 can be found on the following pages.

The Total Unpaid Liability as of December 31, 2011 was \$3,703,672. Payments are billed and paid over a period of ten years beginning in 2013.

<b>2011 Nominal Annual Rate: 3.750%</b>			
<b>Payment Due</b>			
<b>December 31st</b>	<b>Principal</b>		<b>Interest</b>
2013	\$ 312,076	\$	138,888
2014	323,779		127,185
2015	335,921		115,043
2016	348,518		102,446
2017	361,587		89,377
2018	375,147		75,817
2019	389,215		61,749
2020	403,811		47,154
2021	418,953		32,041
2022	434,664		16,300
Totals	\$ 3,703,672	\$	805,999

The Total Unpaid Liability as of December 31, 2012 was \$6,895,103. Payments are billed and paid over a period of ten years beginning in 2014.

<b>2012 Nominal Annual Rate: 3.000%</b>			
<b>Payment Due</b>			
<b>December 31st</b>	<b>Principal</b>		<b>Interest</b>
2014	\$ 601,966	\$	206,286
2015	619,458		188,794
2016	638,042		170,210
2017	657,183		151,069
2018	676,898		131,354
2019	697,205		111,047
2020	718,121		90,131
2021	739,665		68,587
2022	761,855		46,397
2023	784,711		23,541
Totals	\$ 6,895,103	\$	1,187,416

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The Total Unpaid Liability as of December 31, 2013 was \$6,157,543. Payments are billed and paid over a period of twelve years beginning in 2015.

<b>2013 Nominal Annual Rate: 3.000%</b>			
<b>Payment Due</b>			
<b>December 31st</b>	<b>Principal</b>		<b>Interest</b>
2015	\$ 415,472	\$	231,524
2016	431,094		215,902
2017	447,303		199,693
2018	464,122		182,874
2019	481,572		165,424
2020	499,680		147,316
2021	518,468		128,528
2022	537,962		109,034
2023	558,189		88,807
2024	579,177		67,819
2025	600,954		46,042
2026	623,550		23,446
Totals	\$ 6,157,543	\$	1,606,409

The Total Unpaid Liability as of December 31, 2014 was \$4,525,561. Payments are billed and paid over a period of twelve years beginning in 2016.

<b>2014 Nominal Annual Rate: 3.150%</b>			
<b>Payment Due</b>			
<b>December 31st</b>	<b>Principal</b>		<b>Interest</b>
2016	\$ 309,928	\$	158,395
2017	320,776		147,547
2018	332,003		136,320
2019	343,623		124,700
2020	355,650		112,673
2021	368,098		100,225
2022	380,981		87,342
2023	394,315		74,008
2024	408,116		60,207
2025	422,400		45,923
2026	437,185		31,138
2027	452,486		15,837
Totals	\$ 4,525,561	\$	1,094,315

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The Total Unpaid Liability as of December 31, 2015 was \$4,773,405. Payments will be billed and paid over a period of twelve years beginning in 2017.

<b>2015 Nominal Annual Rate: 3.310%</b>			
<b>Payment Due</b>			
<b>December 31st</b>	<b>Principal</b>		<b>Interest</b>
2017	\$ 330,464	\$	158,000
2018	341,402		147,062
2019	352,703		135,761
2020	364,377		124,087
2021	376,438		112,026
2022	388,898		99,566
2023	401,771		86,694
2024	415,069		73,395
2025	428,808		59,656
2026	443,002		45,463
2027	457,665		30,799
2028	472,814		15,651
Totals	\$ 4,773,405	\$	1,088,154

The Total Unpaid Liability as of December 31, 2016 was \$2,002,208. Payments of \$196,729 annually will be billed and paid over a period of twelve years beginning in 2018 and included therein is interest at 2.63%.

The Town did not amortize the allowable portion of its ERS payment that was made on February 1, of 2018, 2019, and 2020 and does not intend to amortize any portion for the foreseeable future.

Source: *Town of Oyster Bay*.

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**Retirement Incentive Programs.** Pursuant to Chapter 105 of the Laws of 2010, the New York State Legislature authorized local governments to make available a retirement incentive program. For the fiscal year ending December 31, 2011, there were two parts to the program. Part A gave one additional month of service credit for each year of credited service an eligible member has at retirement, up to a maximum of three years and Part B allowed for no age reduction if an employee was at least 55 years old with 25 years or more of service credit. The Town took advantage of the incentive (Part A and Part B) at a cost to the Town of \$6,039,048 related to Part A and of \$115,172 related to Part B for a total of \$6,154,220. The cost of the program is billed and paid over five years beginning in 2012 and includes interest at 7.50% as shown in the tables below.

PART A			PART B		
Payment Due February 1st	Principal	Interest	Payment Due February 1st	Principal	Interest
2012	\$ 1,388,502	\$ -	2014	\$ 26,480	\$ -
2013	1,039,711	348,791	2015	19,829	6,652
2014	1,117,689	270,813	2016	21,316	5,165
2015	1,201,516	186,986	2017	22,914	3,566
2016	1,291,630	96,872	2018	24,633	1,847
Totals	\$ 6,039,048	\$ 903,462	Totals	\$ 115,172	\$ 17,230

Source: *Town of Oyster Bay*.

For the fiscal year ending December 31, 2010 the Town made available a retirement incentive program at a cost of \$7,530,524. The cost of the program is billed and paid over five years beginning in 2012 and includes interest at 5.0%. Principal and interest payment to maturity are as follows:

Payment Due December 31st	Principal	Interest
2012	\$ 1,209,910	\$ 572,578
2013	1,466,457	316,031
2014	1,539,780	242,708
2015	1,616,769	165,719
2016	1,697,608	84,879
Totals	\$ 7,530,524	\$ 1,381,915

Source: *Town of Oyster Bay*.

**Employee Separation Plan – Chapter 178 of the Laws of 2012.** On January 18, 2012, the State authorized the Town to amortize the cost of payments to employees upon separation of service from the Town over a period of ten years (the “Separation Plan”). Such payments, as may be approved by the Town, include but are not limited to, cash payment for separation incentives and/or payment of the monetary value of accrued and accumulated but unused and unpaid sick leave, vacation time, and any other forms of payment required to be paid to such employees upon separation from employment. There is no sunset provision for the Separation Plan. The Town utilized this Separation Plan in 2016. The Town issued \$5,000,000 of federally taxable notes to fund prior year and current year expenses related to the separation plan in June 2016, which matured February 3, 2017 and were redeemed in full. In December 2016, an additional \$4,900,000 of general obligation bonds were issued to reimburse the Town for previously paid expenses related to the separation plan. See “2012-2013 Budgetary Remediation Efforts” herein.

Source: *Town of Oyster Bay*.

### Other Post-Employment Benefits

Other post-employment benefits (“OPEB”) refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. The Town is subject to GASB 75 (defined below), which requires state and local governments to account for and report their costs associated with OPEB. The Town recognizes the costs of OPEB in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

GASB 75. The Governmental Accounting Standards Board (“GASB”) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), effective for the year ending May 31, 2019, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, with OPEB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishing new accounting and financial reporting requirements for OPEB plans. Beginning fiscal year ended December 31, 2018, the Town is required to adopt the provisions of Statement No. 75. Additional information about GASB 75 and the accounting rules applicable to municipalities and school districts may be obtained from GASB.

Changes in Total OPEB Liability. The Town contracts with USI Consulting Group, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

	Balance beginning at:	December 31, 2017	December 31, 2018
		<u>\$511,093,808</u>	<u>\$475,215,153</u>
<u>Changes for the year:</u>			
Service cost		16,579,700	11,087,938
Interest		17,913,851	16,083,299
Differences between expected and actual experience		0	(98,297,011)
Changes in assumptions and other inputs		(53,213,938)	95,483,731
Benefit payments		<u>(13,962,063)</u>	<u>(12,020,247)</u>
Net Changes		<u>(32,682,450)</u>	<u>12,337,710</u>
	Balance ending at:	December 31, 2018	December 31, 2019
		<u>\$478,411,358</u>	<u>\$487,552,863</u>

Note: The above table is not audited.

The Town's total OPEB liability of \$487,552,863 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with updated procedures used to rollforward the OPEB liability to the measurement date. Changes in assumptions and other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019. See additional assumptions for fiscal year 2019 on pages 81-83 of “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019- Notes to Financial Statements.”

Actuarial valuation is required every two years for all OPEB plans, except the alternative measurement method continues to be available for plans with less than 100 members.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town has not reserved any funds towards its OPEB liability. The Town funds this liability on a pay-as-you-go basis.

If the Town is ever mandated to fund its OPEB liability, on an upfront basis, the Town’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town’s finances over time and could, in the future, force the Town to reduce services, raise taxes or both.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller’s proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in past legislative sessions. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced and, if introduced, enacted into law.

## Real Property Tax Collection Procedure

Town and County taxes are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1 and July 1 until August 31, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway, Town Special District and Water Arrears levies from the amount collected, and forwards the balance collected to the County, which assumes collection responsibility and holds annual tax sales. The Town and the Town's Special Districts therefore realize annually the 100% collection of Real Property Taxes. See "*Real Property Tax Collection Record*" below.

School district property taxes in the Town and County are also payable in two installments, with a separate bill sent out for school tax purposes of 50% in October and 50% in April. School district property taxes are not included in the table set forth below. The County also assumes responsibility for uncollected school taxes.

## Real Property Tax Collection Record

The Town derives a major portion of its revenues from a tax on real property. Real property taxes accounted for approximately 75.0% of the Town's total revenues for the fiscal year ended December 31, 2019.

The total real property tax levy payable to the Town Receiver of Taxes, including County, County Police, General Town, Town Highway and Town Special Districts, and the amounts uncollected during the warrant period and returned to the County Treasurer for collection, for the past five fiscal years and the budgeted amount for the 2020 fiscal year are as follows:

<u>Year</u>	<u>Real Property Tax Levy of the Town <sup>(1)</sup></u>	<u>Real Property Tax Levy for Town and County Purposes <sup>(2)</sup></u>	<u>% Uncollected During Warrant Period</u>	<u>Returned to County Treasurer As Uncollected <sup>(3)</sup></u>
2010	\$169,079,952	\$481,355,438	2.04%	\$9,827,960
2011	178,393,448	492,907,259	2.08	10,271,447
2012	178,777,297	495,015,137	2.05	10,144,482
2013	181,351,584	503,854,975	1.83	9,212,572
2014	197,316,231	520,088,937	1.95	10,164,845
2015	214,731,402	546,278,970	3.54	19,312,575 <sup>(4)</sup>
2016	210,115,692 <sup>(5)</sup>	530,914,139	1.82	9,676,246
2017	234,243,826	585,999,573	1.73	10,114,620
2018	233,010,484	587,165,927	1.71	10,066,186
2019	233,000,469	575,411,446	1.87	10,741,496
2020 (Budgeted)	232,996,671	531,627,592	N/A	N/A

<sup>(1)</sup> Consists of: Town of Oyster Bay, Discretely Presented Component Units.

<sup>(2)</sup> Consists of: Town of Oyster Bay, Discretely Presented Component Units and Nassau County tax levies apportioned within the Town. The Town does not levy or collect the taxes for the Incorporated Villages or the Fire Districts within the Town.

<sup>(3)</sup> The Town retains the total amount of Town, Highway, Town Special District and Water Arrears levies from the amount collected, and forwards the balance collected to the County which assumes collection responsibility and holds annual tax sales.

<sup>(4)</sup> The increase in the Town's uncollected taxes from the 2014 to 2015 fiscal year is a result of all of the Long Island Power Authority's ("LIPA") properties taxes being returned as uncollected for the year. The amount is substantially the entire difference between 2015 and prior years.

<sup>(5)</sup> The Town's 2016 levy was also reduced due to LIPA properties being returned as uncollected for the year. Additionally, in the middle of December 2015, Nassau County informed the Town that State law mandates that all LIPA properties are to be removed from the assessment rolls and their tax payments be converted to PILOT payments. The reduction of the Town's total tax levy was offset by the increase in PILOTs paid by LIPA to the Town, making the net effect to revenues neutral. If the above figure included the PILOT payment of \$4,636,294 the total Real Property Tax Levy of the Town would have totaled \$214,751,986 for 2016.

## FIVE YEAR TREND OF ASSESSED AND FULL VALUATIONS AND FISCAL YEAR INDEBTEDNESS

Following are recent assessed and full valuations of taxable real property in the Town and indebtedness of the Town for the last five fiscal years:

### Taxable Assessed Valuations <sup>(1)</sup>

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuation	\$149,895,469	\$143,981,459	\$139,004,330	\$134,800,551	\$130,642,237
New York State					
Equalization Rate	0.27%	0.26%	0.24%	0.22%	0.21%
Total Taxable Full Valuation	\$55,516,840,370	\$55,377,484,231	\$57,918,470,833	\$61,272,977,727	\$62,210,589,048

<sup>(1)</sup> It is unclear what effect, if any, the Tax Cuts and Jobs Act of 2017 would have on the market value or taxable assessed valuations of real property in the Town.

### Real Property Tax Rates Per \$1,000 of Assessed Valuation <sup>(1)</sup>

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Town Wide -</u>					
General Town Purpose <sup>(1)</sup>	\$290.47	\$521.54	\$437.91	\$516.23	\$529.82
<u>Part Town -</u>					
General Town Purpose <sup>(2)</sup>	57.12	25.20	45.24	10.92	1.06
Highway Purpose <sup>(3)</sup>	477.47	548.59	562.58	570.55	626.20

<sup>(1)</sup> The increase in real property tax rates is a result of tax increases implemented by the Town and a change in the process of property valuation by Nassau County.

<sup>(2)</sup> Additional rate applicable in unincorporated areas.

<sup>(3)</sup> Town highway tax applicable in unincorporated areas only.

### County Reassessment

The valuation of real property for Town property tax purposes is the responsibility of the Nassau County Board of Assessors.

In May 2015, the County announced its move to reassess every residential and commercial property in the County for the first time since property values were frozen in 2011. The County has released a tentative assessment for every property as of January 2, 2019 and, if not appealed by the property owner, such assessment will go into effect for the 2020-2021 tax year.

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## **TAX LEVY LIMIT LAW**

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted”, the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law” or the “Law”), applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Town became subject to the Tax Levy Limit Law beginning with the Town’s budget for its fiscal year beginning January 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Town’s prior year’s tax levy (the “Tax Levy Increase Limit”). In the event the Town seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least five members of the seven-member Town Board of the Town would be required. The Town Board would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Town may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Town in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Town’s Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

In 2014 and 2015, the Town unanimously passed a Local Law allowing the Town to exceed the Tax Levy Increase Limit. This Local Law allowed the Town to raise taxes 8.8% in both 2014 and 2015. For the 2016 fiscal year, the Town did not exceed the tax cap and maintained a tax levy equal to that of 2015. For the 2017 fiscal year the Town passed a Local Law allowing the Town to exceed the Tax Levy Increase Limit. This Local Law allowed the town to increase its tax levy by approximately 11.5% in 2017. The Town decreased taxes by 0.5% in 2018. There was no material change to the tax levy in 2019 and 2020.

The State, in Chapter 59 of the Laws of 2014 (“Chapter 59”) provided for a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The credit was available only to real property taxpayers in school districts or units of government operating under their Tax Levy Increase Limits for at least two consecutive fiscal years.

Although the program established by Chapter 59 ended in 2016 and during the period Chapter 59 was available the Town exceeded the Tax Levy Increase Limit, incentives similar to or more compelling than those credited by Chapter 59 may be established by the State in the future.

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

The State Constitution limits the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Town and the Obligations, include the following:

*Purpose and Pledge.* Subject to certain enumerated exceptions, the Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness (PPU) of the object or purpose as determined by statute or the weighted average PPU thereof; no installment may be more than fifty per centum in excess of the smallest prior installment unless the Town Board authorizes and utilizes the issuance of bonds with substantial level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

*Debt Limit.* The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is to take the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and divide the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

### **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness through the enactment of the Local Finance Law, subject to the provisions set forth above. The power to spend money generally derives from other law, including specifically the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Town Supervisor, as chief fiscal officer of the Town, the power to sell bonds and bond anticipation notes in anticipation of the sale of authorized bonds pursuant to the Local Finance Law.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Town complies with this estoppel procedure by issuing its bond or notes more than 20 days after the publication of the related resolution. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal restrictions, established by the State Constitution, the Local Finance Law and case law, relating to the period of probable usefulness thereof.

Statutory law in New York permits bond anticipation notes to be renewed each year, provided that annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance of such notes, and provided, in most cases, that such renewals do not exceed five years beyond the original date of borrowing. See “*Payment and Maturity*” under “*Constitutional Requirements*” herein.

In general, the Local Finance Law contains provisions granting the Town with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes.

## Debt Outstanding

<u>Years Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$662,465,000	\$609,060,000	\$578,430,000	\$672,340,369	\$601,290,000
Bond Anticipation Notes <sup>(1)</sup>	160,965,000	199,610,000	177,980,000	38,540,000	101,035,000
Tax Anticipation Notes <sup>(2)</sup>	19,000,000	22,000,000	-	10,000,000	-
Revenue Anticipation Notes <sup>(2)</sup>	<u>11,000,000</u>	<u>10,000,000</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>
Total Debt Outstanding	<u>\$853,430,000</u>	<u>\$840,670,000</u>	<u>\$771,410,000</u>	<u>\$720,880,369</u>	<u>\$702,325,000</u>

<sup>(1)</sup> Excludes outstanding bond anticipation notes that were retired at maturity from available bond proceeds.

<sup>(2)</sup> See “Cash Flow Borrowings” herein.

## Details of Outstanding Indebtedness

The Town, as of August 11, 2020, has outstanding indebtedness of \$536,120,000 serial bonds and \$160,884,534 bond anticipation notes. The bond anticipation notes were issued for the following purposes:

<u>Purpose</u>	<u>Maturities</u>	<u>Amount</u>
Public Parking Improvements	March 12, 2021	\$7,835,000
Lighting Improvements	March 12, 2021	95,000
Solid Waste Improvements	March 12, 2021	95,000
Parks General Improvements	March 12, 2021	105,000
General Building Improvements	March 12, 2021	185,000
Boat Equipment	March 12, 2021	65,000
Lighting Improvements	March 12, 2021	635,000
Solid Waste Improvements	March 12, 2021	190,000
Public Parking Improvements	March 12, 2021	575,000
Tax Management Equipment	March 12, 2021	25,000
Communications Equipment	March 12, 2021	215,000
Boat Equipment	March 12, 2021	45,000
General Building Improvements	March 12, 2021	2,215,000
Lighting Improvements	March 12, 2021	420,000
General Building Improvements	March 12, 2021	1,250,000
Communications Equipment	March 12, 2021	80,000
10 Year Equipment	March 12, 2021	1,030,000
Public Parking Improvements	March 12, 2021	155,000
Parks General Improvements	March 12, 2021	1,210,000
Parks Special Improvements	March 12, 2021	2,400,000
Public Parking Improvements	March 12, 2021	305,000
10 Year Equipment	March 12, 2021	3,045,000
Parks General Improvements	March 12, 2021	4,390,000
Highway Improvements	March 12, 2021	1,320,000
Massapequa Water District	March 12, 2021	1,970,000
South Farmingdale Water District	March 12, 2021	1,495,000
Bethpage Water District	March 12, 2021	4,950,000
Parks General Improvements	March 12, 2021	840,000
10 Year Equipment	March 12, 2021	250,000
10 Year Equipment	March 12, 2021	300,000
Parks General Improvements	March 12, 2021	1,000,000
Parks Special Improvements	March 12, 2021	200,000
Parks General Improvements	March 12, 2021	1,150,000
Parks Special Improvements	March 12, 2021	200,000
10 Year Equipment	March 12, 2021	130,000
Public Parking Improvements	March 12, 2021	6,800,000
Public Parking Improvements	March 12, 2021	4,000,000
Parks Special Improvements	March 12, 2021	880,000
Parks General Improvements	March 12, 2021	8,000,000

<u>Purpose</u>	<u>Maturities</u>	<u>Amount</u>
Highway Improvements	March 12, 2021	19,500,000
Public Parking Improvements	March 12, 2021	420,000
Lighting Improvements	March 12, 2021	315,000
Solid Waste Improvements	March 12, 2021	525,000
5 Year Equipment	March 12, 2021	1,050,000
15 Year Equipment	March 12, 2021	6,950,000
3 Year Equipment	March 12, 2021	300,000
Jericho Water District	March 12, 2021	985,000
Jericho Water District	March 12, 2021	3,000,000
Bethpage Water District	March 12, 2021	2,000,000
Jericho Water District	March 12, 2021	3,500,000
Locust Valley WD	March 12, 2021	2,589,534
Massapequa WD	March 12, 2021	1,100,000
Jericho WD	March 12, 2021	5,650,000
Jericho WD	March 12, 2021	750,000
Jericho WD	March 12, 2021	6,950,000
Plainview WD	March 12, 2021	3,500,000
Plainview WD	March 12, 2021	15,500,000
Bethpage WD	March 12, 2021	3,750,000
Bethpage WD	March 12, 2021	13,000,000
South Farmingdale WD	March 12, 2021	9,500,000
<i>Total Bond Anticipation Notes</i>		<u>\$ 160,884,534</u>
<i>Total Bonds</i>	Various Maturities	<u>\$ 536,120,000</u>
<b><u>TOTAL INDEBTEDNESS</u></b>		<u><b>\$ 697,004,534</b></u>

#### **BONDED DEBT OF OVERLAPPING POLITICAL SUBDIVISIONS**

The estimated gross bonded debt of governmental entities that overlap the Town is as follows:

14 School Districts.....	\$	25,741,058 <sup>(1)</sup>
8 Fire Districts.....		2,035,000
18 Villages.....		47,502,390
County of Nassau - General Purpose & Sewer Districts (25.95%)....		1,051,940,927
<u>Gross Total.....</u>	<u>\$</u>	<u>1,127,219,375</u>

The estimated deductible bonded debt <sup>(2)</sup> included in the gross total above is as follows:

State Aid - Supported School Bonds.....	\$	10,837,368
Excludable Villages' Debt.....		3,671,868
Excludable County Debt (26.62%).....		82,678,262
<u>Total Deductions.....</u>	<u>\$</u>	<u>97,187,498</u>
<u>Net Overlapping.....</u>	<u>\$</u>	<u>1,030,031,877</u>

<sup>(1)</sup> For those school districts and villages that lie partially in other towns only the amount allocable to properties within the Town has been included.

<sup>(2)</sup> Pursuant to the applicable State Constitutional and statutory provisions this indebtedness is deductible from gross indebtedness for debt limit purposes.

Note: The 25.95% of gross and excludable County indebtedness was determined by taking the full taxable valuation of the Town and dividing it by the full taxable valuation of the County.

Source: *New York State Special Report on Municipal Affairs for the Fiscal Years Ended in 2018 and 2019.*

## DEBT STATEMENT SUMMARY

STATEMENT OF INDEBTEDNESS, DEBT LIMIT AND NET DEBT-CONTRACTING MARGIN OF THE TOWN OF OYSTER BAY, NEW YORK AS OF AUGUST 11, 2020:

Average Full Valuation of Taxable Real Property .....	\$ 58,459,272,442
Debt Limit (7%) .....	4,092,149,071

**Indebtedness:**

Bonds .....	\$ 536,120,000	
Bond Anticipation Notes .....	160,884,534	
Total .....		<u>\$ 697,004,534</u>

**Exclusions:**

Water Indebtedness - Bonds <sup>(1)</sup> .....	\$ 73,713,733	
Water Indebtedness - Notes <sup>(1)</sup> .....	80,189,534	
Appropriations .....	13,297,298	
Total .....		<u>\$ 167,200,565</u>

Total Net Indebtedness Subject to Debt Limit .....	\$ <u>529,803,969</u>
Net Debt Contracting Margin .....	<u>3,562,345,102</u>
Percentage of Debt Contracting Power Exhausted .....	12.95%

<sup>(1)</sup> Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Notes: See page 164 of “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019” for a historical chart of Indebtedness, Debt Limit And Net Debt-Contracting Margin of the Town.

### Debt Ratios

The following table sets forth certain ratios relating to the Town's Gross and Net Indebtedness as of August 11, 2020:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Gross Indebtedness <sup>(c)</sup> .....	\$ 697,004,534	\$ 2,335.88	1.12%
Net Indebtedness <sup>(c)</sup> .....	529,803,969	1,775.54	0.85
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	1,727,036,411	5,787.83	2.78
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	1,559,835,846	5,227.49	2.51

<sup>(a)</sup> The current estimated population of the Town is 298,391. See “*THE TOWN*” herein.

<sup>(b)</sup> The Town's full value of taxable real estate for the 2020 fiscal year is \$62,210,589,048. See “*Taxable Assessed Valuations*” herein.

<sup>(c)</sup> See “*Debt Statement Summary*” for the calculation of Gross and Net Indebtedness, herein.

<sup>(d)</sup> The Town's applicable share of Net Overlapping Indebtedness is estimated to be \$1,030,031,877. See “*Bonded Debt of Overlapping Political Subdivisions*” herein.

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## General Obligation Bond Principal and Interest

The following is a summary of the principal and interest payments for the Town's outstanding general obligation bonds as of August 11, 2020:

Year Ending December 31	Principal	Gross Interest <sup>(1)</sup>	Total Outstanding Principal And Interest
2020	\$ 13,690,000	\$ 9,412,591.62	\$23,102,591.62
2021	61,575,000	18,277,580.75	79,852,580.75
2022	55,675,000	16,239,560.69	71,914,560.69
2023	54,605,000	14,127,388.14	68,732,388.14
2024	56,710,000	12,097,446.34	68,807,446.34
2025	53,115,000	10,028,275.96	63,143,275.96
2026	54,880,000	8,124,371.74	63,004,371.74
2027	46,235,000	6,301,018.49	52,536,018.49
2028	37,445,000	4,623,299.82	42,068,299.82
2029	23,840,000	3,489,006.62	27,329,006.62
2030	24,700,000	2,620,040.24	27,320,040.24
2031	25,595,000	1,718,224.99	27,313,224.99
2032	13,160,000	782,220.26	13,942,220.26
2033	13,600,000	299,123.45	13,899,123.45
2034	115,000	29,023.00	144,023.00
2035	120,000	26,314.93	146,314.93
2036	120,000	23,549.24	143,549.24
2037	125,000	20,725.93	145,725.93
2038	130,000	17,787.38	147,787.38
2039	130,000	14,743.60	144,743.60
2040	135,000	11,592.75	146,592.75
2041	135,000	8,382.45	143,382.45
2042	140,000	5,112.70	145,112.70
2043	145,000	1,724.05	146,724.05
Totals	<u>\$ 536,120,000</u>	<u>\$108,299,105.14</u>	<u>\$644,419,105.14</u>

<sup>(1)</sup> Gross interest does not include certain interest subsidies on Environmental Facilities Corporation loans.

Note: This table excludes principal and interest on: bonds refunded and/or advance refunded, bond anticipation notes, tax anticipation notes, and revenue anticipation notes.

## Authorized but Unissued Obligations

The Town has approximately \$80 million authorized but unissued for various projects.

## Anticipated Borrowings

Other than the issuances represented by this Official Statement, the Town anticipates issuing the following obligations over the next year:

- March 2021: The Town plans to renew the Bond Anticipation Notes, 2020 Series A and Water District Notes, 2020 Series B (less budgetary principal pay downs) scheduled to mature on March 12, 2021 and to borrow for new money capital purposes.
- August 2021: The Town plans to renew the Bond Anticipation Notes, 2020 Series C scheduled to mature on August 27, 2021 and to borrow for new money capital purposes.

## Cash Flow Borrowings

The Town has found it necessary to issue tax anticipation notes from time to time.

Certain taxpayers, such as Verizon and Keyspan, have brought lawsuits against the County and the underlying towns in the County, including the Town, to recover taxes such taxpayers believe were wrongly paid. Such lawsuits were settled in favor of the various taxpayers and as a result the Town was required to pay settlements. The County guarantees that the Town will receive 100% of the tax levies as presented in its adopted budgets each year. The Town and the County engaged in litigation over responsibility for the payments. To assist with its cash flow, the Town borrowed to fund a portion of such settlements while waiting for \$37.5 million in reimbursement from the County. In May 2016, the Town reached a settlement with the County, in which the County agreed to pay the Town \$26.7 million in two payments. The first \$13 million was received from the County on May 27, 2016 and the remaining \$13.7 million was received on March 31, 2017. These payments have helped to reduce the need for the Town to issue tax anticipation notes.

In addition, the Town has issued revenue anticipation notes as a result of the Town not receiving timely payment of delinquent sales and mortgage tax revenues due to the Town by the County since 2011. Should the County continue to delay payments to the towns within its borders, including the Town, in this year or future years, the Town may be required to continue to issue revenue anticipation notes to meet its cash flow obligations.

The chart below illustrates the Town's tax anticipation notes ("TAN") and revenue anticipation notes ("RAN") borrowing history for fiscal years 2015 through 2018:

Fiscal Year Ending	Borrowing Amount	Borrowing Type	Dated Date	Due Date
2015	\$11,000,000	RAN	5/22/2015	3/25/2016
	19,000,000	TAN	5/22/2015	3/25/2016
	10,000,000	RAN	6/28/2016	3/31/2017
2016	7,000,000	TAN	6/28/2016	3/31/2017
	15,000,000	TAN	12/21/2016	4/7/2017
	15,000,000	RAN	6/27/2017	2/23/2018
2018	10,000,000	TAN	12/14/2018	2/15/2019

The Town did not issue tax anticipation notes or revenue anticipation notes for the 2019 fiscal year, and does not anticipate needing to do so for the 2020 fiscal year. See "BONDHOLDER RISKS" herein.

## Capital Planning

The Town has continually undertaken the planning and execution of a capital program during its budget process each year. The adoption of such program is not, in the case of the Town, subject to referendum. At any time after the adoption thereof, the Town Board, by the affirmative vote of two-thirds of its total membership, may amend such program by adding, modifying or abandoning the projects or by modifying the methods of financing. As adopted the projects included in the capital plan are expected to be financed with debt issuance.

The elimination of the Town's operational deficit was largely due to a sharp reduction in capital borrowing and spending over the past three years. Total debt issued for Town purposes (not including component unit debt) was reduced by \$160 million from January 1, 2017 to December 31, 2019. Moving forward, each year the Town intends to continue to pay down more debt than they issue.

Capital projects when duly authorized by a resolution of the Town Board may be financed by the issuance of bonds. Bonds, which are at times preceded by the issuance of bond anticipation notes, are issued for varying periods of time depending upon the period of probable usefulness of the project and the desires of the Town Board.

## Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Obligations are to be issued is the Town Law, the General Municipal Law and the Local Finance Law.

No principal or interest upon any obligation of the Town is past due.

The fiscal year of the Town is from January 1st to December 31st.

The political subdivisions below have the power to levy taxes upon property within the Town:

### **COUNTY OF NASSAU, INCLUDING COUNTY POLICE DISTRICT, COUNTY SEWAGE DISPOSAL DISTRICT #3 AND COUNTY SEWAGE COLLECTION DISTRICT #3.**

#### **INCORPORATED VILLAGES OF:**

Bayville	Lattingtown	Old Brookville
Brookville	Laurel Hollow	Old Westbury (Part)
Centre Island	Massapequa Park	Oyster Bay Cove
Cove Neck	Matinecock	Roslyn Harbor (Part)
East Hills (Part)	Mill Neck	Sea Cliff
Farmingdale	Muttontown	Upper Brookville

#### **SCHOOL DISTRICTS:**

	North Shore Central (Glenwood, Glen Head & Sea Cliff) <sup>(1)</sup>	
	Syosset Central (Syosset, Woodbury, Locust Grove)	
	Brookville - Locust Valley - Bayville Central	
	Plainview - Old Bethpage Central	
	Oyster Bay - East Norwich Central	
Jericho Union Free <sup>(1)</sup>		Bethpage Union Free
Hicksville Union Free		Farmingdale Union Free <sup>(1)</sup>
Plainedge Union Free		Massapequa Union Free
	Amityville Union Free <sup>(1)</sup>	
	Cold Spring Harbor Central <sup>(1)</sup>	
	Roslyn Union Free <sup>(1)</sup>	

<sup>(1)</sup> These school districts are partially located in other towns.

#### **FIRE DISTRICTS:**

Bethpage	Locust Valley
Farmingdale	Massapequa
Hicksville	North Massapequa
Jericho	Syosset

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## TAX MATTERS – THE BONDS (FEDERALLY TAXABLE)

*State Tax Exemption.* In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

*Certain Federal Income Tax Considerations.* The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon the Internal Revenue Code of 1986 (the “Code”), U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Bond by a beneficial owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Bonds in connection with the performance of services, or persons deemed to sell Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Bonds as “capital assets” within the meaning of Section 1221 of the Code, and acquire such Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code (“United States persons”) and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “IRS”) with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE BONDS.

*Stated Interest and Reporting of Interest Payments.* The stated interest on the Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof. Subject to certain exceptions, the stated interest on the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the beneficial owner. A copy of IRS Form 1099 will be sent to each beneficial owner of a Bond for federal income tax purposes.

*Medicare Contribution Tax.* Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of a Bond.

*Original Issue Discount on Bonds.* If the first price at which a substantial amount of the Bonds of any stated maturity is sold at original issuance (the “Issue Price”) is less than the face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of that maturity will be treated as being issued with “original issue discount”. The amount of the original issue discount on each Bond of that maturity will equal the excess of the principal amount payable on that Bond at maturity over the Issue Price, and the amount of the original issue discount on such Bond will be accrued over its term using the “constant yield method” provided in the Treasury Regulations. As original issue discount on a Bond accrues under the constant yield method, the beneficial owner of a Bond with original issue discount will be required to include as interest each such accrual in its gross income regardless of its regular method of accounting. This can result in taxable income to the beneficial owner of a Bond issued with original issue discount that exceeds actual cash distributions on that Bond in the taxable year. The amount of any original issue discount that accrues on the Bonds each year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner’s gross income while the beneficial owner holds a Bond will increase the adjusted tax basis of the Bond in the hands of such

beneficial owner.

*Premium.* If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

*Backup Withholding.* Under Section 3406 of the Code, a beneficial owner of the Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 24 percent) on current or accrued interest on the Bonds or with respect to proceeds received from a disposition of the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to the payor such beneficial owner’s social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such beneficial owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such beneficial owner is not subject to backup withholding. To establish status as an exempt person, a beneficial owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the beneficial owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

*Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.* Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a beneficial owner of the Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner’s United States trade or business, (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such beneficial owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Sections 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished IRS Form W-8 BEN, IRS Form W-8 BEN-E, IRS Form W-8 EXP, or IRS Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

*Foreign Account Tax Compliance Act.* Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does

not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount or acquisition discount). In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to “foreign passthru payments” but no earlier than two years after the date of publication of final regulations defining the term “foreign passthru payment.”

*The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.*

## **TAX MATTERS – THE NOTES**

### **Tax Exemption**

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Code, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the “Tax Certificate”) dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Town described above. No ruling has been sought from the IRS with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the Town as the “taxpayer,” and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the Town may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Notes of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed changes in tax law.

### **Tax Accounting Treatment of Discount and Premium on Certain Notes**

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Note (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Note and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Note by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Note in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income. Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes.

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Note over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of section 1273 of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

## LEGAL MATTERS

The legality of the authorization and issuance of the Obligations will be covered by the respective unqualified legal opinions of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinions will be delivered in substantially the forms attached hereto in “APPENDIX D”. Norton Rose Fulbright US LLP is also acting as Special Disclosure Counsel to the Town in connection with the sale of the Obligations. Certain legal matters will be passed upon for the Town by the Town Attorney.

### LITIGATION AND CERTAIN ONGOING INVESTIGATIONS

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Obligations or the levy and collection of taxes or assessments to pay the same, or in any way contesting or affecting the validity of the Obligations or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Obligations or contesting the corporate existence or boundaries of the Town.

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

#### SEC Complaint

On November 21, 2017, the SEC filed a civil complaint against the Town and former Town Supervisor, John Venditto, alleging violations of various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the rules promulgated thereunder. In the complaint, the SEC alleged that the Town’s disclosures, made in connection with various note and bond sales dating between June 2010 through December 2015, omitted information regarding certain agreements with a former Town concessionaire to operate concessions at certain Town facilities and that such omission was material to investors. In addition, the complaint alleged that between December 2015 and December 2016, the Town misstated and misrepresented the circumstances surrounding the purported amendments by stating that the purported amendments were entered into without the involvement or knowledge of senior Town officials (i.e., the former Town Attorney and former Supervisor). In the complaint, the SEC requested various forms of relief, including, without limitation, an unspecified monetary penalty, injunctive relief, the appointment of an independent consultant to recommend improvements to the Town’s financial reporting procedures and controls and municipal security disclosure procedures, and a prohibition on the sale of securities by the Town unless the Town implements the recommendations of the independent consultant. See also “*BONDHOLDER RISKS*” herein.

The SEC case was stayed before the Town could file an Answer because of the criminal cases against former Supervisor Venditto and Nassau County Executive Edward Mangano and his wife, Linda Mangano, in the United States District Court, Eastern District of New York. A superseding indictment against Mr. Venditto, filed on November 21, 2017, had included criminal charges based upon the same alleged disclosure violations as set forth in the SEC complaint against the Town. During an 11-week trial which commenced on March 14, 2018, former Town Attorney and Deputy Supervisor Leonard Genova testified, among other things, that from 2010 to 2015 the Town’s disclosures omitted information regarding so-called “indirect loan guarantees” and that, starting in 2015, the Town’s disclosures that the purported amendments were entered into without the involvement of necessary Town officials were false and misleading because, among other reasons, he and former Supervisor Venditto had accepted bribes in exchange for facilitating the purported amendments. Following trial, Mr. Venditto was acquitted on all charges, but the jury was unable to reach a verdict as to the Manganos. The retrial of Mr. and Mrs. Mangano was concluded on March 8, 2019 with a finding of guilty against each of them on certain counts. See also “*Town Concessionaire Investigation and Litigation*” below and the “Litigation” section of the “NOTES TO FINANCIAL STATEMENTS” in “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019.”

On February 26, 2019, the Town Board approved an agreement with the SEC staff to settle the SEC’s case against the Town. Pursuant to that agreement, the SEC agreed to dismiss its claims against the Town under Section 17(a)(1) of the Securities Act of 1933 (the “Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Under the agreement, without admitting or denying any of the SEC’s allegations, the Town consented to the court entering a final judgment in the case permanently enjoining the Town from violating Sections 17(a)(2) and (3) of the Securities Act and ordering certain undertakings by the Town, including that the Town retain an independent consultant appointed by the Court for a period of three years to review the Town’s policies, procedures, and internal controls regarding its disclosures for securities offerings, and to recommend improvements to those policies, procedures, and internal controls with a view to assuring compliance with the Town’s disclosure obligations under federal securities laws. The agreement does not impose any monetary penalty on the Town. On October 24, 2019, the Court approved the proposed settlement and entered a consent judgment reflecting the terms of the settlement agreement reached between the SEC and the Town. On January 27, 2020, the Court appointed Marc-Phillip Ferzan of Ankura as the Independent Consultant pursuant to its final judgment. Pursuant to the

settlement, Ankura prepared and filed its First Report on May 26, 2020.

On March 1, 2018, in a separate civil complaint, the SEC charged Mr. Genova, with securities fraud based on allegations similar to those presented in the SEC's complaint against the Town. Mr. Genova has agreed to settle the case.

In light of Mr. Venditto's death on March 17, 2020, the SEC dismissed its civil claims against Mr. Venditto.

### **Town Concessionaire Investigation and Litigation**

The Town is a party to litigation and is aware of the potential for additional litigation regarding certain purported amendments to agreements with a former Town concessionaire. On September 8, 2015, the United States Attorney for the Eastern District of New York indicted the concessionaire on criminal charges alleging, according to the indictment, that the former Town concessionaire provided payments and other things of value to a Town employee in exchange for assistance in obtaining bank loans guaranteed by the Town totaling approximately \$20 million. The Nassau County District Attorney, on August 25, 2015, requested information from the Town concerning these allegations as well as certain of the Town's public disclosures including official statements from outstanding bond and note issues. The Town provided documents to the Nassau County District Attorney in response to these inquiries. The Town has cooperated and is cooperating with all law enforcement inquiries regarding these allegations.

The Town was named as a defendant in three lawsuits in New York arising from certain purported amendments to agreements with the former Town concessionaire. One lawsuit was filed in January 2016 and the other two were filed in July 2016. In each of the lawsuits against the Town, a lender to the former Town concessionaire brought suit against the Town seeking to enforce one of the purported amendments and contending that such respective purported amendments require the Town to reimburse the lender for unpaid amounts on its loan to the concessionaire following default by the concessionaire. The total amount of damages sought by the three lenders across all three lawsuits was approximately \$18 million. Two of the lawsuits have been dismissed by appellate courts. In the first such lawsuit, on July 9, 2019, the United States Court of Appeals for the Second Circuit affirmed the United States District Court's dismissal of the lender's claims against the Town, agreeing with the Town's position that the purported amendment at issue in that case was unenforceable because it had not been approved by the Town Board. In the second such lawsuit, on September 18, 2019, the New York Supreme Court Appellate Division for the Second Department reversed a decision by the trial court and found that the amendment at issue in that case was unenforceable for similar reasons to those described by the Second Circuit in its decision. In the third lawsuit, the Town has appealed a decision by the trial court denying the Town's motion to dismiss; oral argument on the appeal was heard by the Second Department on January 24, 2020. Pending the decision in that appeal, the third action is proceeding through discovery.

Separately, on June 26, 2017, the Town filed a lawsuit asserting damage claims against the Town concessionaire, a former Deputy Town Attorney, two lenders that were beneficiaries of the purported guarantees, and a law firm that purported to represent the Town in connection with certain of the purported amendments. On January 28, 2020, the New York Supreme Court upheld all of the Town's claims against motions to dismiss brought by the lenders and the law firm. On February 6, 2020, the Town filed a motion for default judgments against the Town concessionaire and deputy Town attorney. On February 14, 2020, the law firm filed a counterclaim against the Town seeking contribution from the Town for any judgment rendered against the law firm in connection with the purported amendments, including in connection with a separate lawsuit brought against the law firm in August 2016 by the concessionaire's lenders in Connecticut state court, in which they seek to hold the law firm liable for its issuance of legal opinions that certain of the purported amendments were enforceable. By letter dated February 18, 2020, the law firm also demanded that the Town indemnify and hold the law firm harmless from any and all claims asserted against it and its partner by the concessionaire's lenders, including in the Connecticut state court action. In an Amended Answer dated May 14, 2020, the law firm asserted counterclaims for contribution and indemnity. The Town has moved to dismiss those counterclaims.

The Office of the Town Attorney cannot predict the outcome of the pending litigations, motions, indemnification claim, or appeal described above, or whether any additional litigation against the Town or its officers or officials will be initiated. However, in the event that there is a judgment entered against the Town for money damages, the Local Finance Law permits the Town to issue bonds or notes to fund such judgment.

Unrelated to the unauthorized amendments that are the subject of litigation described above, a prior amendment to the Golf Course/The Woodlands Catering Hall Agreement included certain provisions for payment of a \$2 million termination fee by the Town that the concessionaire may claim was triggered by its termination in September 2016. While the Town would expect to contest any claim by the concessionaire for a termination fee, it cannot predict the outcome of any such dispute.

The former Town Attorney, Leonard Genova, was also named as a defendant in the Connecticut state court lawsuit described above. The lawsuit against Mr. Genova was brought by two of the lenders and asserted claims against Mr. Genova, a former Deputy Town Attorney, and other lawyers, arising from the same amendments. The claims against Mr. Genova and the former Deputy Town Attorney were dismissed for lack of personal jurisdiction by order of the Court dated November 22, 2016. Mr. Genova resigned from his role as Town Attorney as of January 9, 2017.

On October 18, 2016, the Town's former Supervisor, John Venditto, was charged by a grand jury in the United States District Court for the Eastern District of New York with solicitation and receipt of bribes in exchange for official action in connection with the former Town concessionaire referred to above, honest service wire fraud and obstruction of justice. The indictment was superseded on November 21, 2017, as described in "*SEC Complaint*" above. Mr. Venditto resigned from his role as Supervisor on January 4, 2017. Trial commenced on March 14, 2018. During the trial, former Town Attorney Leonard Genova testified, among other things, that numerous Town officials accepted bribes from the former Town concessionaire, including both he and Mr. Venditto, who accepted free car rides and meals among other things, in exchange for causing the Town to enter into certain agreements, including the purported amendments described above, that provided for so-called "indirect loan guarantees" for the benefit of the concessionaire. After an eleven week trial, Mr. Venditto was acquitted of all charges on May 24, 2018. See also "*SEC Complaint*" above and the "Litigation" section of the "NOTES TO FINANCIAL STATEMENTS" in "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019."

On June 29, 2017, the Nassau County District Attorney's Office charged former Supervisor Venditto with conspiracy and corrupt use of position or authority, and the former Town Commissioner of Parks and the former Commissioner of Planning and Development with official misconduct in connection with an alleged illegal hiring and firing of a Town employee. In a separate indictment that was unsealed on the same day, former Supervisor Venditto, together with others, were indicted in connection with, among other things, the failure to disclose a financial interest of a Town official in a real estate development deal relating to property located in Hicksville, New York. According to public reporting, on July 27, 2019, Mr. Venditto plead guilty to a felony charge of corrupt use of position or authority and a misdemeanor charge of official misconduct. Separately, on September 12, 2019, it was reported that the former Town Commissioner of Parks was found not guilty of the charge brought against him.

On August 22, 2018, the Town filed suit against former Town Attorney Genova alleging faithless servant, breach of fiduciary duty, and other claims premised on Mr. Genova's admissions on the stand during the Venditto trial. Mr. Genova filed a motion to dismiss the Town's claims on November 7, 2018. The Town's opposition to that motion has been served, and the motion was fully submitted for decision on April 5, 2019. The Office of the Town Attorney cannot predict the outcome of that motion. On June 6, Genova filed a motion to disqualify the Town's outside counsel. Mr. Genova's motion was denied by Order dated July 30, 2019. Discovery is ongoing.

### **Bethpage Litigation**

On December 5, 2016, the Town was served with a summons and complaint by a group of residents purporting to act as class representatives in a personal injury action filed in Federal court arising out of activities by Grumman Aerospace Corporation and its successors in interest, Northrop Grumman Corporation (collectively, "Grumman") in the Bethpage area over a nearly 60-year period. These plaintiffs allege, in substance, that Grumman's discharge of chemicals used in its manufacturing of aircraft, weapons, and spacecraft contaminated the ground and groundwater aquifer and, relatedly, the plaintiffs' properties, thereby leading to personal injuries. The plaintiffs allege four causes of action sounding in negligence, strict liability (against Grumman, only), trespass, and nuisance, and, for each cause of action, allege damages in excess of \$100 million. The plaintiffs also request punitive damages in an unspecified amount. At this early stage of the litigation, there has been no discovery to assess the validity of the damages allegations.

Inclusion of the Town as a defendant in the subject action is related to the Town's current ownership of 18 acres of land which had previously been part of a more than 600 acre complex used in Grumman's manufacturing operations before this parcel was conveyed to the Town in 1962 and subsequently developed as Bethpage Community Park (the "Park"). There is no

accusation that the Town engaged in improper handling or disposal of hazardous chemicals which caused the plaintiffs' alleged injuries.

The site history for the Park is relevant. As indicated above, this parcel was owned by Grumman prior to 1962 and was used for the disposal of industrial wastes, starting at some time after Grumman commenced manufacturing in Bethpage in the 1940s. The Park was opened to the public in 1965.

In 2002, the Park was closed in response to testing performed by Grumman. This testing showed elevated levels of certain contaminants, especially PCBs, which were disposed by Grumman on the site. Although subsequent evaluation allowed the Town to reopen the Park, except for the baseball field area in the southwest corner of the Park which contains particularly high PCB levels, residual contamination remained below the ground surface.

In 2005, the Town entered into a voluntary agreement (the "DEC Agreement") with the New York State Department of Environmental Conservation ("NYSDEC") to allow the Town to proceed with remediation in the northern portion of the Park, for the purpose of allowing the redevelopment of this area with a new ice skating center. This action was necessitated when it became clear that Grumman would not proceed in the foreseeable future with the cleanup it was obligated to perform, and the Town was not willing to let the capital improvement project be delayed indefinitely. The Town's remediation work, completed in 2007, involved the excavation and removal of approximately 173,000 tons of soil. In the interest of ensuring the maximum protection of public health and safety, the cleanup performed by the Town, as approved by NYSDEC, exceeded the minimum which NYSDEC might otherwise have been willing to approve. The new ice skating center was completed in 2008.

The plaintiffs have commenced the action against the Town on the basis that the Town is the owner of a certain tract of land that was donated to the Town by Grumman in or about 1962. It is alleged by the plaintiffs that a smaller portion of that land was used by Grumman as "settling ponds" to discharge and dispose the manufacturing chemicals. The plaintiffs do not allege that the Town was, in any way, engaged in the discharge or disposal of such chemicals. The Town has acted to reduce the Grumman contamination by completing major remediation in the Park. Accordingly, even if the plaintiffs in this case are able to establish that they have suffered injuries attributable to contamination from the Grumman site, which of itself is by no means certain, there does not appear to be any reasonable likelihood that the facts of this matter would justify a significant judgment against the Town.

It is the Town's position that Grumman is, in any case, the party which would be ultimately liable for any proven harms to the plaintiffs.

On February 14, 2017, the plaintiffs initiated a proceeding in the New York State Supreme Court, Nassau County, seeking leave of the Court to file late notices of claim against the Town, which filings are a statutory condition precedent to the commencement of tort litigation against the Town. After fully briefing the issues, the Supreme Court denied, without prejudice, the petitioners' application because the Court was unable to determine, based upon the allegations contained in the petition, whether the petitioners' claims were timely.

Since 2017, the Town has received several additional notices of claim from claimants who appear to be making an effort to join the purported class action. Statutory examinations of each claimant are on-going.

In a related matter, the Town is pursuing litigation against Grumman for reimbursement of certain remediation expenses of the Town incurred in the performance of its obligations under the DEC Agreement. The court, however, granted Grumman summary judgement, dismissing the Town's claims. Grumman's counterclaim against the Town is pending; Grumman alleges the Town contributed to the contamination of the site and seeks a contribution by the Town toward the cost of remediation. Outside counsel to the Town has assessed that the Town can be found up to 30% contributorily liable on the theory that the Town has knowledge of the environmental hazards. The aggregate cost of the remediation for which contribution is being sought is unknown but has been estimated to be as high as \$80 million. Since the federal court does not permit an interlocutory appeal in this instance, the Town must wait on its appeal of the summary judgment decision until the matter is final, when the trial on the counterclaims are adjudicated.

At the request of the parties (the Town and Grumman), the court has allowed for a lengthy adjournment of the trial so that settlement may be explored. The Town and Grumman, with input from NYSDEC, have discussed the potential of a discontinuance of all claims, a less costly clean-up and either no contribution by the Town or a reduced fixed payment by the Town in furtherance of the remediation.

See "Property Condemnation and Environmental Issues" and the "Litigation" sections of the "NOTES TO FINANCIAL STATEMENTS" in "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019."



## **Condemnation Litigation**

The Town acquired title to approximately 14 acres in Farmingdale (Liberty Industrial Site) through a condemnation proceeding. The United States Environmental Protection Agency (EPA) has conducted remediation of environmentally hazardous substances at the property. The Town plans to eventually convert the property into a public park. In May 2007, under the EPA's jurisdiction, a group made up of prior owners of the property commenced soil remediation at the site, which was completed in 2009. The Town has paid the EPA for the remediation and paid the former property owners \$3.3 million as the initial payment on the condemnation. However, additional payments may be required to the former property owners and/or the EPA contingent upon the value/purchase price of the property. The Town and the former property owners proceeded to trial on the valuation of the property, to determine if additional payments to the former property owners would be required. On June 30, 2016, the New York State Supreme Court, Nassau County determined the value of the property to be approximately \$31,300,000, inclusive of interest and other costs. The Town has been ordered to make an additional payment to the former property owners to reflect this value. The Town disagreed with the Court's decision and filed a Notice of Appeal on August 1, 2016.

On December 13, 2017, the Appellate Division, Second Department vacated the trial court's approximate \$31,300,000 determination and remitted the matter back to the trial court in order to determine, based upon the evidence offered by the Town, the fair market value of the property with a highest and best use of light industrial development, considering such adjustments as the evidence will support, and whether the property sustained any consequential damages when its proposed highest and best use was industrial. By Order dated April 18, 2018, the trial court requested that the parties submit "Findings of Fact and Conclusions of Law" in accordance with the Appellate Division decision. By Order dated December 17, 2018, the trial court adopted the Findings of the claimant and awarded \$9,732,498, to which \$11,640,000 must be added to account for 6% interest from September 2003. Although the later decision reduced the original award, the Town believes that the lower court exceeded its discretion in making such an award, including allowing claimant to submit findings and conclusions, in the Town's opinion, outside of the direction of the appellate court. The Town has appealed the decision and all briefs were fully submitted on February 6, 2020. The Office of the Town Attorney cannot predict the outcome of the pending appeal.

The Town has also acquired title to a second parcel of land of approximately 7.5 acres abutting the 14 acres, discussed above. The Town has made a payment of \$4,500,000 to the former owners. The ultimate value of the parcel will be subject to determination at trial, however, it is uncertain what amounts of additional payments will be required by the Town.

See "Property Condemnation and Environmental Issues" and the "Litigation" sections of the "NOTES TO FINANCIAL STATEMENTS" in "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019."

## **Tax Assessment Litigation**

This action was served upon the Town on April 27, 2018, and seeks, among other forms of relief, that the named defendants, which includes the County of Nassau and the Town, make an unspecified refund to the plaintiff, New York American Water Company, Inc., for plaintiff's alleged overpayment in taxes resulting from the County's allegedly erroneous method by which certain property was assessed for taxation purposes. Because the County is responsible for the assessment of properties within the County, the Town believes at this early juncture that the complaint does not state a cause of action against the Town. Several of the defendants have moved to dismiss plaintiff's complaint. On February 15, 2019, the assigned justice rendered a decision granting, in part, the County of Nassau's motion to dismiss and granting, in full, the North Shore Central School District's motion to dismiss. Based upon the reasoning contained in the justice's decision, the Town made a similar motion to dismiss. On May 21, 2019, Justice Jeffrey Brown granted the Town's motion to dismiss in full.

Separately, New York American Water served similar actions in 2019 and 2020 to challenge Nassau County's assessments. However, because the Court granted the motions to dismiss in the 2018 action, the parties have agreed to hold the 2019 and 2020 actions in abeyance pending resolution of any appeals of the 2018 motions to dismiss.

## **Sanitation Assessment Matters**

For several years, there has been litigation involving the assessment of property owned by utilities and telephone carriers by various sanitation districts. In short, the courts found such assessments to be improper, as the infrastructure (i.e., phone lines, gas lines, water pipes, utility poles) of said entities did not generate garbage, and should have therefore been exempt from the related assessments. The Courts have held that the Town was obligated to first compensate the utilities for the amounts paid by them, but that the County of Nassau, pursuant to the "County Guaranty" provision of the Nassau County Administrative Code, must then compensate the Town.

There are two actions pending in Nassau County Supreme Court, *MCImetro v. Town of Oyster Bay, et al.* and *New York American Water v. Town of Oyster Bay, et al.*, wherein the plaintiffs seek, respectively, reimbursement for taxes paid in certain

Sanitation and Solid Waste Districts over a period of several years. The exposure on the MCImetro case is approximately \$150,000, and the New York American Water matter is approximately \$25,000.

Once the Town pays the judgment and/or settlement, it can seek payment from the County of Nassau for the same amounts.

### **Syosset Mobile Home Park Litigation**

On January 4, 2019, the Town was served with a complaint involving civil rights and associated state law claims by the tenants of a former mobile home park located in Syosset, New York. In their complaint, the plaintiffs allege that they were improperly and unlawfully evicted from the mobile home park by a corporation, STP Associates, LLC, with the aid and assistance of the Nassau County Sheriff and Police Department.

According to the complaint, STP Associates, LLC sought to evict the plaintiffs in order to change the use of the premises so that STP Associates, LLC, and its members, could profit. The complaint alleges that former Town Attorney Leonard Genova was a member of STP Associates, LLC and that he “abused his authority as a public official...to wrongfully evict Plaintiffs from their homes.”

The complaint does not allege that the Town of Oyster Bay, as a municipal corporation, took part in either the eviction proceedings that led to the Plaintiffs’ evictions from the mobile home park or the actual evictions. While the complaint seeks to assert a municipal liability claim against the Town under 42 USC § 1983, the complaint does not articulate any specific Town actions that led to the Plaintiffs’ claimed \$26 million in compensatory damages (the complaint also seeks recovery of punitive damages of \$26 million).

On May 10, 2019, the Town served the Plaintiffs’ counsel with a motion to dismiss the complaint. The motion was fully briefed and submitted, and was granted on April 20, 2020.

### **DPW Property Litigation**

On August 27, 2013, the Town and Oyster Bay Realty, LLC entered into a Purchase and Sale Agreement (the “Agreement”) for the sale of the real property located at 150 Miller Place, Syosset, New York, also known as the Town’s DPW Facility. The purchase price was \$32,500,000, with \$30 million paid to the Town on September 4, 2013 (Installment Date) and the remaining \$2.5 million is to be paid on the Closing Date, which is the date title to the property would transfer.

The parties agreed to defer the transfer of title and therefore, the closing date has yet to occur. The period of time between the Installment Date (September 4, 2013) and the eventual Closing Date is referred to as the “Closing Deferral Period.” The Closing Date may be adjourned or delayed (and thereby the Closing Deferral Period may be extended) by the Town, at the Town’s option, so that the Town may continue to hold title and remain in use of the premises, free of charge/rent, excluding utilities and operational charges, for a period of up to and including the date that is five (5) years from the Installment Date, to wit: September 4, 2018, also known as the “Closing Extension Date.”

The Closing Extension Date (September 4, 2018) may be further extended by the Town for up to an additional three (3) years provided that (i) the Town notifies the Purchaser in writing not less than 120 days prior to the end of the Closing Extension Date of the Town’s intent to extend; and (ii) beginning on the first day of the sixth year, the Town shall pay a “Deferral Fee” of \$8.00 per square foot triple net per annum of the buildings that remain occupied by the Town in accordance with the square footage calculations set forth in the Agreement.

The Town sent the requisite notice of intent to extend on March 27, 2018. Based upon the square footage of the current occupancy, the Town has invoked the Deferral Fee option amounting to \$900,000 per year starting September 5, 2018, payable on a monthly basis.

The Agreement also addressed an existing cell tower on the property from which the Town derived revenue. The Agreement states that during the Closing Deferral Period, the rents and other fees payable to the Town under the Cell Tower Lease shall be payable to the Purchaser.

The Town has booked and accrued \$75,000 per month since September 2018 for the Deferral Fee as rent payable. The Cell Tower Lease rents and fees have been segregated and set aside in a separate account. The Town, however, has not paid to the Purchaser any of these monies.

While the prior Town administration entered into the transaction in 2013, the present Town administration believes that the transaction is no longer cost effective since it would cost more to relocate Town buildings and personnel. In 2017, the Town advised the Purchaser that it sought to remain on the property. This, in turn, resulted in the parties engaging in negotiations to reconfigure the development proposed on the property to allow the Town to remain in whole or in part on the property. In light of the negotiations, the Town deferred making any payments for Deferral Fees and Cell Tower Lease revenues.

On March 1, 2019, the Town received a notice of claim from the Purchaser seeking the payment of the Cell Tower Lease rents. On March 25, 2019, the Town received a notice of claim seeking termination of the Agreement based on the Town's nonpayment of both the Deferral Fees and Cell Tower Lease rents. On May 10, 2019, the Purchaser commenced a lawsuit against the Town for breach of contract seeking (i) \$30,000,000 for the amount paid by the Purchaser to the Town for the purchase of the property; (ii) \$680,904.00 for the Deferral Fees to date; and (iii) \$592,482.75 for the Cell Tower Lease rents, plus statutory interest of nine percent per annum calculated from the date of breach.

On January 28, 2020, the Town Board voted to approve a settlement of \$30,450,000 to be paid to the Purchaser, which effectively canceled the sale of the Town's DPW Facility. On January 31, 2020, the Town paid the Purchaser the full settlement amount, and a stipulation of discontinuance was filed with the Court.

See "Sale of Department of Public Works (DPW) Facility" section of "NOTES TO FINANCIAL STATEMENTS – COMMITMENTS AND CONTINGENCIES" in "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019."

### **DISCLOSURE UNDERTAKING**

The Town has agreed to provide, at the time of delivery of the Obligations, an executed Disclosure Undertaking in substantially the form attached hereto as "APPENDIX C – DISCLOSURE UNDERTAKING."

The Town currently retains Fiscal Advisors & Marketing, Inc. as a dissemination agent to assist the Town with filings required under Rule 15c2-12. Such dissemination agent works with the Town to help ensure that proper information is filed as required under the Town's disclosure undertakings. Policies and procedures were established with Town officials on June 17, 2016 to prevent inadvertent administrative errors and ensure that the Town remains in compliance with the requirements of Rule 15c2-12. The Town has updated its policies and procedures to ensure compliance with the new amendments to Rule 15c2-12.

### **DISCLOSURE COMPLIANCE HISTORY**

The Town's Audited Financial Statements for fiscal years ending December 31, 2014 and 2015 were not filed with EMMA in a timely matter pursuant to the Town's continuing disclosure undertaking agreements. The delays were caused by the Town's new accounting software. See "*TOWN OF OYSTER BAY - Financial Statements*" herein. The 2014 audited financial statements were posted to EMMA on April 15, 2016. A notice of failure to file relating to the 2014 audited financial statements was posted to EMMA on January 12, 2016. The Town posted the 2015 audited financial statements to EMMA on January 18, 2017. The notice of failure to file relating to the 2015 audited financial statements was not posted to EMMA until March 2, 2017.

The Town was inadvertently late on making an interest payment due February 2, 2018 on the Town's Bond Anticipation Note, 2017 Series A, maturing on June 1, 2018. As soon as the Town received the invoice for said amount from DTC on February 14, 2018, the Town made the interest payment on the same day. A material event notice was posted to EMMA on February 16, 2018.

### **RATINGS**

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa1" with a positive outlook to the Town's outstanding bonds, including the Bonds. Moody's has assigned a short-term rating of "MIG 2" to the Notes.

S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC, has assigned a long-term underlying rating of "BBB+" with a stable outlook to the Town's outstanding bonds, including the Bonds. S&P has assigned a short-term rating of "SP-2" to the Notes.

The ratings above reflect only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from the applicable rating agency at: Moody's, 7 World Trade Center, 250

Greenwich St, New York, NY 10007, Phone: (212) 553; or S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041.

Generally, rating agencies base their ratings on the information and materials furnished to them and on their investigations, studies and assumptions. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Town's outstanding bonds may have an adverse effect on the market price of the outstanding bonds or the Obligations.

### **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Obligations. The advice on the plan of financing and the structuring of the Obligations was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Town to Fiscal Advisors are partially contingent on the successful closing of the Obligations.

### **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Obligations. All expenses in relation to the printing of CUSIP numbers on the Obligations will be paid for by the Town provided, however; the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

### **CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT**

At the time of the delivery of the Obligations, the Town will deliver a certificate of one of its authorized officials, in a form satisfactory to Bond Counsel, that to the best of his/her knowledge, (i) this Official Statement, as of its date, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Town, and (ii) between the date of the final Official Statement and the date of delivery of the Obligations, there have been no material adverse changes in the general affairs of the Town or in its financial condition, except as set forth in or contemplated by the final Official Statement.

### **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Obligations.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the beliefs of the Town's management, as well as assumptions made by, and information currently available to, the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town's files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Norton Rose Fulbright US LLP, Bond Counsel and Disclosure Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Obligations, including, but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain

provisions thereof and do not purport to summarize or describe all of such provisions.

The Official Statement is submitted only in connection with the sale of the Obligations by the Town and may not be reproduced or used in whole or in part for any other purpose.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is not to be construed as a contract or agreement between the Town and the holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**Dated: August 12, 2020**

**TOWN OF OYSTER BAY**

**APPENDIX A**

**GENERAL FUND - Balance Sheets**

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:

	2014	2015	2016	2017	2018	2019
<b>ASSETS</b>						
Cash	\$ 58,472	\$ 16,124	\$ 10,194	\$ 333,927	\$ 1,771,485	\$ 5,515,547
Receivables:						
Accounts	2,003,224	2,064,878	2,773,872	2,481,792	5,273,582	2,517,948
Allowance for Receivables	-	-	-	-	-	-
State and Federal	2,049,996	7,630,877	2,652,475	2,308,098	2,271,894	2,742,461
Property Taxes	-	-	-	-	-	-
Due from Other Funds	10,005,383	-	121,323	-	100,000	3,450,000
Due from Other Governments	4,008,115	7,551,704	18,409,573	4,788,351	4,583,499	5,232,997
Inventory of Material and Supplies	1,832,208	1,858,301	1,876,233	2,077,679	2,314,736	2,226,843
Other Assets	245	-	-	-	-	-
Prepaid Expenses	71,832	14,367	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 20,029,475</b>	<b>\$ 19,136,251</b>	<b>\$ 25,843,670</b>	<b>\$ 11,989,847</b>	<b>\$ 16,315,196</b>	<b>\$ 21,685,796</b>
<b>LIABILITIES AND FUNDEQUITY</b>						
Accounts Payable	\$ 9,143,462	\$ 11,394,887	\$ 16,575,764	\$ 11,204,538	\$ 10,666,973	\$ 9,099,159
Accrued Liabilities	4,140,372	4,254,904	4,437,031	3,949,740	4,206,826	3,049,781
Revenue Anticipation Notes Payable	10,000,000	11,000,000	10,000,000	15,000,000	10,000,000	-
Tax Anticipation Notes Payable	10,000,000	-	-	-	-	-
Other Liabilities	-	-	-	-	18,350	19,175
Due to Other Funds	3,562,508	17,738,540	34,278,184	1,670,000	-	-
Due to Other Governments	624,481	38,268	13,905	4,155	146,942	176,730
Deferred Revenue	65,787	-	493,000	2,195,500	1,676,575	1,142,082
<b>TOTAL LIABILITIES</b>	<b>\$ 37,536,610</b>	<b>\$ 44,426,599</b>	<b>\$ 65,797,884</b>	<b>\$ 34,023,933</b>	<b>\$ 26,715,666</b>	<b>\$ 13,486,927</b>
<b>FUND EQUITY</b>						
Reserved/Nonspendable	\$ 11,909,423	\$ 9,209,971	\$ 5,629,349	\$ 2,109,916	\$ 2,314,736	\$ 2,232,544
Unreserved:						
Appropriated	-	-	-	-	31,287	2,615,579
Unappropriated	(29,416,588)	(34,500,319)	(45,583,563)	(24,144,002)	(12,746,493)	3,350,746
<b>TOTAL FUND EQUITY</b>	<b>\$ (17,507,165)</b>	<b>\$ (25,290,348)</b>	<b>\$ (39,954,214)</b>	<b>\$ (22,034,086)</b>	<b>\$ (10,400,470)</b>	<b>\$ 8,198,869</b>
<b>TOTAL LIABILITIES and FUNDEQUITY</b>	<b>\$ 20,029,445</b>	<b>\$ 19,136,251</b>	<b>\$ 25,843,670</b>	<b>\$ 11,989,847</b>	<b>\$ 16,315,196</b>	<b>\$ 21,685,796</b>

Source: Audited financial reports of the Town. This Appendix is not itself audited.

## **APPENDIX A1**

### **GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance**



GENERAL FUND  
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>						
Real Property Taxes	\$ 37,852,748	\$ 37,828,074	\$ 41,012,146	\$ 39,982,539	\$ 68,419,564	\$ 55,437,214
Real Property Tax Items	1,622,076	1,783,524	2,058,300	2,951,069	3,104,749	3,441,056
Non-Property Tax Items	4,863,692	5,112,339	5,308,648	5,680,869	5,705,925	5,642,122
Departmental Income	6,219,819	6,133,647	6,175,851	5,846,313	6,297,238	7,054,583
Intergovernmental Charges	13,235 <sup>(1)</sup>	13,954,197 <sup>(2)</sup>	14,373,575 <sup>(3)</sup>	14,564,989 <sup>(4)</sup>	14,969,179 <sup>(5)</sup>	15,505,185 <sup>(6)</sup>
Use of Money & Property	629,656	659,048	673,139	883,874	766,200	1,057,858
Licenses and Permits	205,178	293,852	233,344	317,165	292,778	345,030
Fines and Forfeitures	666,753	1,027,489	640,896	583,553	443,751	490,845
Sale of Property and Compensation for Loss	352,844	61,899	556,529	236,323	255,946	549,550
Miscellaneous	1,331,868	2,315,408	1,303,179	1,277,776	1,128,222	1,004,480
Interfund Revenues	28,423,597	29,949,479	29,596,471	30,090,695	29,955,070	32,771,175
Revenues from State Sources	12,096,785	10,536,200	12,533,506	13,894,415	14,332,879	13,304,300
Revenues from Federal Sources	50,831	43,872	67,149	107,013	20,668	10,321
Total Revenues	\$ 94,329,082	\$ 109,699,028	\$ 114,532,733	\$ 116,416,593	\$ 145,692,169	\$ 136,613,719
<b>EXPENDITURES</b>						
General Government Support	\$ 37,872,731	\$ 39,286,409	\$ 36,654,468	\$ 40,365,135	\$ 37,828,684	\$ 40,589,215
Public Safety	4,833,153	5,159,442	5,376,056	5,707,544	4,583,610	4,913,202
Other Purposes	-	-	-	-	-	-
Transportation	751,376	769,683	899,859	911,973	903,269	940,562
Economic Assistance and Opportunity	417,710	420,513	301,963	319,825	201,411	35,916
Culture and Recreation	16,549,636	17,328,790	17,188,915	17,855,334	16,680,047	17,823,349
Home and Community Services	2,702,812	3,336,380	2,681,264	2,684,302	1,446,063	1,728,282
Employee Benefits	24,311,576	24,641,069	24,526,409	26,219,763	26,549,407	25,745,834
Debt Service	5,124,105	4,617,300	522,426	994,735	2,104,650	2,174,394
Total Expenditures	\$ 92,563,099	\$ 95,559,586	\$ 88,151,360	\$ 95,058,611	\$ 90,297,141	\$ 93,950,754
Excess of Revenues Over (Under) Expenditures	1,765,983	14,139,442	26,381,373	21,357,982	55,395,028	42,662,965
Other Financing Sources (Uses):						
Operating Transfers In	-	-	154,715	-	-	-
Operating Transfers Out	(11,737,591)	-	(32,419,271)	-	-	(25,910,846)
Debt Service Fund	-	(20,405,345)	-	-	-	(8,241,292)
Capital Projects Fund	-	(12,751,310)	(1,900,000)	(32,072,251)	(32,236,661)	-
Issuance of Debt	(11,631,320)	-	-	(5,479,236)	(5,238,239)	-
Premiums on obligations	-	-	-	4,083,344	-	-
Proceeds from Sale of Land	30,025,000	-	-	-	-	3,122,789
Total Other Financing	\$ 6,656,089	\$ (33,156,655)	\$ (34,164,556)	\$ (33,468,143)	\$ (37,474,900)	\$ (31,029,349)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,422,072	(19,017,213)	(7,783,183)	(12,110,161)	17,920,128	11,633,616
<b>FUND BALANCE</b>						
Fund Balance - Beginning of Year	(6,912,024)	1,510,048	(17,507,165)	(27,844,053) <sup>(7)</sup>	(39,954,214)	(22,034,086)
Prior Period Adjustments (net)	-	-	-	-	-	-
Fund Balance - End of Year	\$ 1,510,048	\$ (17,507,165)	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)

<sup>(1)</sup> Does not include sales tax.

<sup>(2)</sup> Includes \$14,258,755 in sales tax.

<sup>(3)</sup> Includes \$14,959,916 in sales tax.

<sup>(4)</sup> Includes \$13,942,484 in sales tax.

<sup>(5)</sup> Includes \$14,258,755 in sales tax.

<sup>(6)</sup> Includes \$15,497,649 in sales tax.

<sup>(7)</sup> See "NOTE 6. RESTATEMENT" on pages 92 and 93 of the 2016 Audit.

Note: See "General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual" of the Town's audited financial statements.

## **APPENDIX A2**

### **GENERAL FUND – Revenues, Expenditures And Changes In Fund Balance - Budget and Actual**

**GENERAL FUND**  
**Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Fiscal Years Ending December 31:

	<b>2019</b>			<b>2020</b>
	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Adopted</u>
	<u>Budget</u>	<u>Budget</u>		<u>Budget</u>
<b>REVENUES</b>				
Real Property Taxes	\$ 62,998,943	\$ 62,998,943	\$ 64,001,350	\$ 61,829,484
Real Property Tax Items	3,001,057	3,001,057	3,576,089	3,100,000
Non-Property Tax Items	5,500,000	5,500,000	5,561,876	5,500,000
Departmental Income	6,670,000	6,685,000	7,386,514	6,675,000
Intergovernmental Charges	14,005,200	14,005,200	16,350,501	15,500,200
Use of Money & Property	650,000	650,000	2,121,177	735,000
Licenses and Permits	262,450	262,450	295,485	262,450
Fines and Forfeitures	400,600	400,600	381,233	400,500
Sale of Property and				
Compensation for Loss	17,417	16,009	354,499	108,000
Miscellaneous	711,000	3,109,860	2,946,614	121,000
Interfund Revenues	31,731,586	31,731,586	32,292,150	35,094,810
Revenues from State Sources	3,903,244	5,479,715	12,954,775	4,042,347
Revenues from Federal Sources	-	-	11,482	-
Total Revenues	<u>\$ 129,851,497</u>	<u>\$ 133,840,420</u>	<u>\$ 148,233,745</u>	<u>\$ 133,368,791</u>
<b>EXPENDITURES</b>				
General Government Support	\$ 41,942,888	\$ 43,478,784	\$ 40,893,083	\$ 45,573,801
Public Safety	4,599,848	5,566,396	5,403,977	5,025,664
Other Purposes	-	-	-	-
Transportation	857,220	857,788	805,116	835,262
Economic Assistance and				
Opportunity	35,000	35,000	22,878	35,000
Culture and Recreation	17,051,706	18,757,395	18,578,473	18,736,866
Home and Community Services	2,136,915	2,109,078	1,912,628	1,859,264
Employee Benefits	28,813,906	29,419,596	26,614,900	26,162,022
Debt Service	25,000	349,979	327,269	-
Total Expenditures	<u>\$ 95,462,483</u>	<u>\$ 100,574,016</u>	<u>\$ 94,558,324</u>	<u>\$ 98,227,879</u>
Excess of Revenues Over (Under)				
Expenditures	<u>34,389,014</u>	<u>33,266,404</u>	<u>53,675,421</u>	<u>35,140,912</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	1,350,353	-
Operating Transfers Out	(34,389,014)	(33,951,435)	(33,951,435)	(35,140,912)
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Return of proceeds from sale of land	-	-	(2,475,000)	-
Issuance of Debt	-	-	-	-
Proceeds from Sale of Land	-	-	-	-
Total Other Financing	<u>\$ (34,389,014)</u>	<u>\$ (33,951,435)</u>	<u>\$ (35,076,082)</u>	<u>\$ (35,140,912)</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures	<u>-</u>	<u>(685,031)</u>	<u>18,599,339</u>	<u>-</u>
and Other Uses				
<b>FUND BALANCE</b>				
Fund Balance - Beginning of Year	-	685,031	(10,400,470)	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,198,869</u>	<u>\$ -</u>

<sup>(1)</sup> Includes \$16,049,873 in sales tax.

Source: 2019 Audited Financial Statements and the adopted budgets of the Town. This Appendix is not itself audited.

**APPENDIX A3**

**CHANGES IN FUND EQUITY**

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018	2019
<b>GENERAL FUND - TOWN-WIDE</b>						
Fund Equity - Beginning of Year	\$ 1,510,048	\$ (17,507,165)	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)
Prior Period Adjustments (net)	-	-	(2,553,705) <sup>(4)</sup>	-	-	-
Revenues & Other Sources	109,699,028	114,687,448	116,416,593	145,692,169	136,613,719	149,584,098
Expenditures & Other Uses	128,716,241	122,470,631	128,526,754	127,772,041	124,980,103	130,984,759
Fund Equity - End of Year	\$ (17,507,165) #	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)	\$ 8,198,869
<b>GENERAL FUND - PART-TOWN</b>						
Fund Equity - Beginning of Year	\$ (1,535,028)	\$ 396,465	\$ 1,156,255	\$ 3,548,837	\$ 4,288,389	\$ 5,749,640
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	14,696,802	13,153,345	14,087,910	12,498,857	14,811,072	12,996,885
Expenditures & Other Uses	12,765,309	12,393,555	11,695,328	11,759,305	13,349,821	12,606,016
Fund Equity - End of Year	\$ 396,465 #	\$ 1,156,255	\$ 3,548,837	\$ 4,288,389	\$ 5,749,640	\$ 6,140,509
<b>HIGHWAY FUND</b>						
Fund Equity - Beginning of Year	\$ 3,922,009	\$ (4,798,035)	\$ (2,850,176)	\$ (3,260,668)	\$ (4,169,057)	\$ 2,674,949
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	44,070,314	52,222,260	51,850,019	55,781,055	55,628,585	59,114,781
Expenditures & Other Uses	52,790,358	50,274,401	52,260,511	56,689,444	48,784,579	55,652,747
Fund Equity - End of Year	\$ (4,798,035) #	\$ (2,850,176)	\$ (3,260,668)	\$ (4,169,057)	\$ 2,674,949	\$ 6,136,983
<b>SPECIAL DISTRICTS FUND *</b>						
Fund Equity - Beginning of Year	\$ (18,025,638)	\$ (19,291,512)	\$ (17,422,402)	\$ 12,563,809 <sup>(6)</sup>	\$ 9,247,978	\$ 9,476,559
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	131,410,626	129,878,710	139,861,123	128,235,061	139,389,895	139,389,895
Expenditures & Other Uses	132,676,500	128,009,600	112,329,438	131,550,892	139,161,314	138,376,694
Fund Equity - End of Year	\$ (19,291,512) <sup>(1)</sup>	\$ (17,422,402) <sup>(2)</sup>	\$ 10,109,283 <sup>(3)</sup>	\$ 9,247,978 <sup>(5)</sup>	\$ 9,476,559 <sup>(7)</sup>	\$ 10,489,760 <sup>(8)</sup>

<sup>(1)</sup> See pages 58 and 59 of the 2014 Audit for breakout and explanation of deficits.

<sup>(2)</sup> See pages 60 and 61 of the 2015 Audit for breakout and explanation of deficits.

<sup>(3)</sup> See "NOTE 6. RESTA TEMENT" on pages 92 and 93 of the 2016 Audit.

<sup>(4)</sup> See pages 56 and 57 of the 2016 Audit for breakout and explanation of deficits.

<sup>(5)</sup> See pages 56 and 57 of the 2017 Audit for breakout and explanation of deficits.

<sup>(6)</sup> See "NOTE 7. RESTA TEMENT" on pages 92 and 93 of the 2017 Audit.

<sup>(7)</sup> See pages 55 and 56 of the 2018 Audit for breakout and explanation of deficits.

<sup>(8)</sup> See pages 60 and 61 of the 2019 Audit for breakout and explanation of deficits.

\* Includes Drainage, Fire Protection, Lighting, Park Districts, Solid Waste, Refuse and Garbage, Public Parking District, and Water Districts.

Source: Audited financial reports of the Town. This Appendix is not itself audited.

## **APPENDIX B**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR PERIOD ENDED DECEMBER 31, 2019**

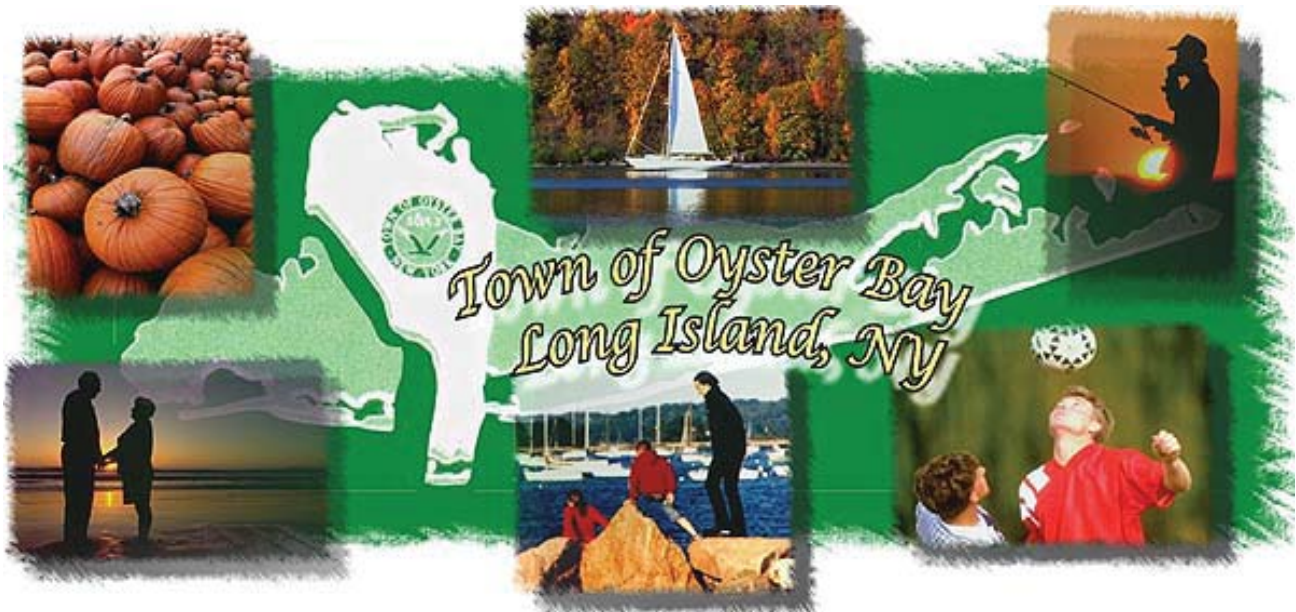
Such Financial Statements and opinion are intended to be representative only as of the date thereof. Albrecht, Viggiano, Zureck & Company, P.C., the Town's accountants, and Cullen & Danowski, LLP, the Town's auditors have not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.

# Town of Oyster Bay New York



## Comprehensive Annual Financial Report

Year Ended December 31, 2019







**TOWN OF OYSTER BAY,**

**NEW YORK**

Comprehensive Annual Financial Report  
Year Ended December 31, 2019

Prepared by:  
The Office of the Comptroller



**TOWN OF OYSTER BAY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2019**  
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**TOWN OF OYSTER BAY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2019**  
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**TOWN OF OYSTER BAY**  
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**INTRODUCTORY SECTION**



# Places to Play and Visit

## TOWN BEACHES AND PARKS

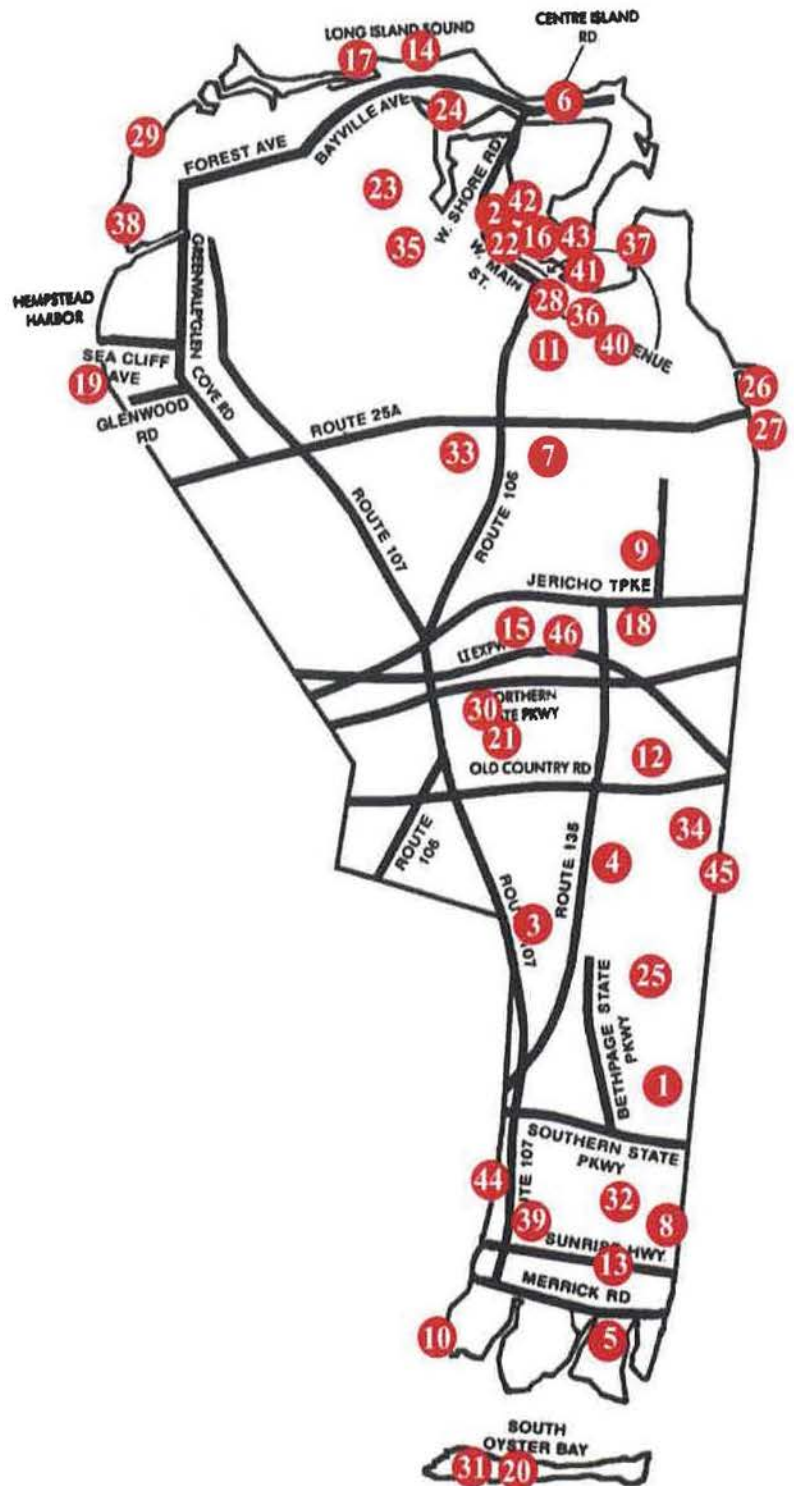
1. Ellsworth W. Allen Town Park
2. Beekman Beach Park
3. Bethpage Community Park
4. Borella Field
5. John J. Burns Town Park
6. Centre Island Beach
7. (The) Farm at Oyster Bay
8. Field of Dreams
9. Golf Course and Clubhouse
10. Philip B. Healey Beach at Florence Avenue
11. Senator Ralph J. Marino Memorial Field
12. Plainview-Old Bethpage Community Park
13. Marjorie R. Post Community Park
14. Charles E. Ransom Beach
15. Robbins Lane Community Park
16. Theodore Roosevelt Memorial Park & Beach
17. Stehli Beach
18. Syosset-Woodbury Community Park
19. Harry Tappen Beach
20. Tobay Beach
21. John Walker Memorial Park
22. Western Waterfront

## PLACES OF INTEREST

23. Bailey Arboretum
24. Bayville Historical Museum
25. Bethpage State Park
26. Cold Spring Harbor Fish Hatchery and Aquarium
27. Cold Spring Harbor Laboratory
28. Earle-Wightman House
29. Garvies Point Museum & Preserve
30. Hicksville Gregory Museum
31. John F. Kennedy Memorial Wildlife Sanctuary
32. Massapequa Preserve
33. Muttontown Nature Preserve
34. Old Bethpage Village Restoration
35. Planting Fields Arboretum State Historic Park
36. Raynham Hall Museum
37. Sagamore Hill National Historic Site
38. Sea Cliff Village Museum
39. Tackapausha Museum and Preserve
40. Theodore Roosevelt Memorial Sanctuary and Audubon Center
41. Townsend Museum
42. Waterfront Center

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45. Solid Waste Disposal Complex
46. Departments of Public Safety & Public Works, Highway Division, Animal Shelter



# TOWN OF OYSTER BAY, NEW YORK

## PRINCIPAL OFFICIALS

December 31, 2019

### TOWN BOARD:

SUPERVISOR	JOSEPH S. SALADINO
COUNCILMAN	JOSEPH D. MUSCARELLA**
COUNCILWOMAN	REBECCA M. ALESIA*
COUNCILMAN	ANTHONY D. MACAGNONE**
COUNCILWOMAN	MICHELE M. JOHNSON
COUNCILMAN	LOUIS B. IMBROTO
COUNCILMAN	THOMAS P. HAND
TOWN CLERK	JAMES ALTADONNA Jr.**
RECEIVER OF TAXES	JAMES J. STEFANICH**
TOWN ATTORNEY	JOSEPH NOCELLA***
COMPTROLLER	STEVEN C. BALLAS

\* Resigned, effective February 12, 2019; Councilman Steve L. Labriola effective, February 26, 2019.

\*\* Term expired December 31, 2019

Effective January 1, 2020:

Councilwoman Laura Maier

Councilwoman Vicki Walsh

Town Clerk Richard LaMarca

Receiver of Taxes Jeffrey P. Pravato

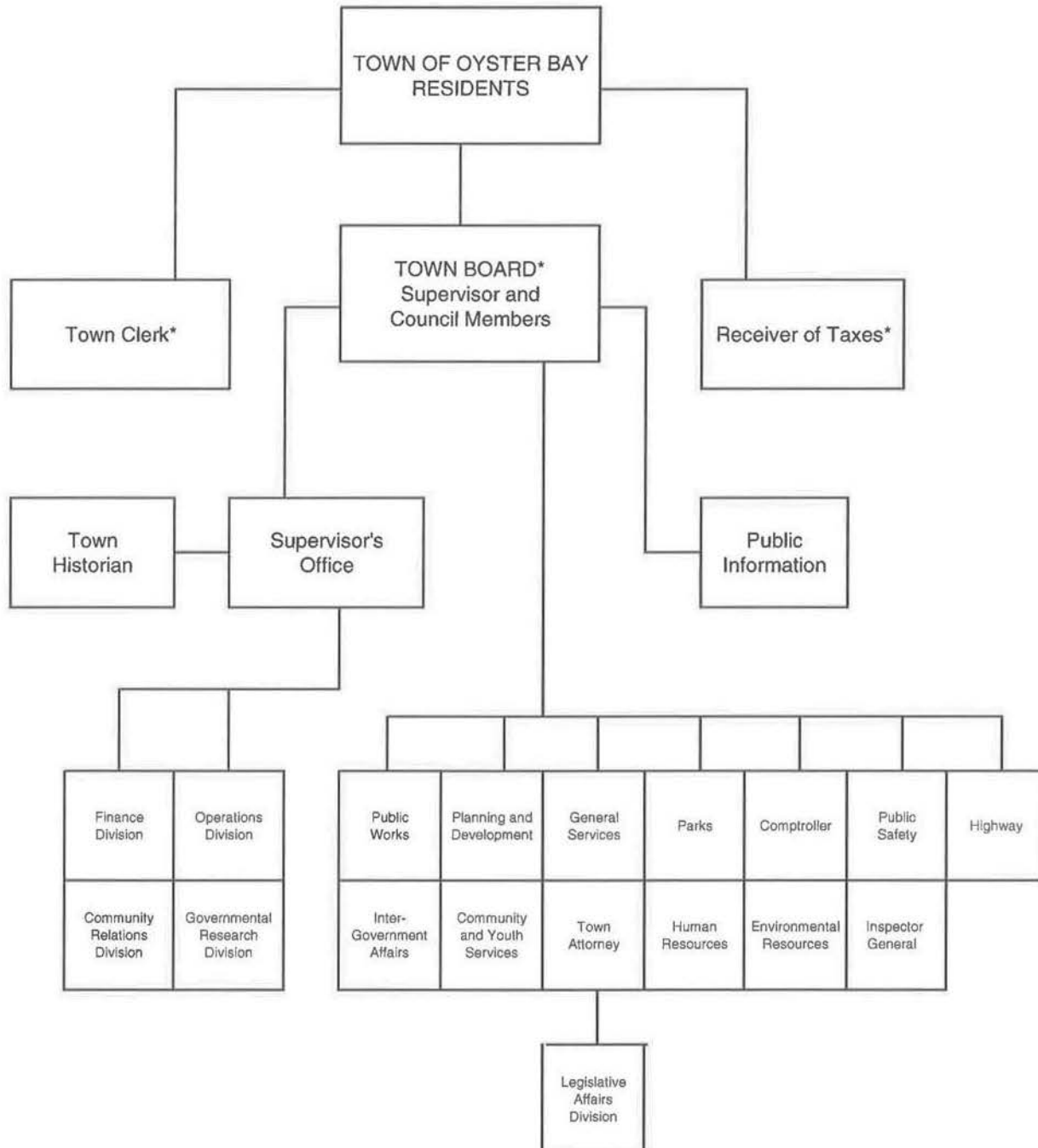
\*\*\* Resigned, effective January 3, 2020



# TOWN OF OYSTER BAY, NEW YORK

## ORGANIZATIONAL CHART

December 31, 2019



\* Elected by Town of Oyster Bay voters.



## Office of the Comptroller Town of Oyster Bay

**Steven C. Ballas**  
Comptroller

Town Hall  
Oyster Bay, NY 11771-1592  
(516) 624-6440

**Christine M. Wiss**  
Deputy Comptroller

June 25, 2020

Honorable Members of the Town Board and Citizens of the Town of Oyster Bay:

The Comprehensive Annual Financial Report of the Town of Oyster Bay, New York ("Town") for the year ended December 31, 2019, prepared by the Office of the Comptroller, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the Town. The data is presented in a manner designed to set forth fairly the financial position and results of operations of the Town as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain a reasonable understanding of the Town's financial affairs have been included.

The Comptroller is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by Town management.

The accounting firm Albrecht, Viggiano, Zureck & Company, P.C. was selected in a competitive bid process by the Town's Board to assist in the preparation of the Town's 2019 Comprehensive Annual Financial Report. The accounting firm Cullen & Danowski, LLP was also selected by the Town's Board in a competitive bid process to perform an independent audit of the Town's financial statements as of December 31, 2019, and for its year then ended. The auditor's report on the basic financial statements, combining and individual fund statements, and schedules are included in the financial section of this report.

This report includes funds of various departments, agencies and other organizational units, which are considered part of the Town of Oyster Bay's financial reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by the Governmental Accounting Standards Board. The criteria include legal standing and financial accountability. Note 1 of the Notes to the Financial Statements provides detail on the financial reporting entity. A brief summary of the nature of nonmajor component units and their relationship to the Town of Oyster Bay are also provided in the Notes to the Financial Statements. The financial reporting entity includes eleven nonmajor component units: eight Commissioner-operated water districts, two Commissioner-operated sanitation districts and one Commissioner-operated sewer district. Although these nonmajor component units are legally separate entities, the Town is required to include their financial reporting. These nonmajor component units are presented discretely in a separate column in the basic financial statements to differentiate them from the Town's financial operations.

The Management Discussion and Analysis ("MD&A"), located in the financial section following the independent auditor's report, provides an introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

The Town is required to undergo a single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are not presented in this report, but rather are routinely presented as a separate report.

## HISTORY

"On June 4th, I anchored in a commodious haven on the north of Long Island. We found fine oysters there, from which the Dutch call it Oyster Bay." - Diary of David deVries, Voyager, 1639

The Town of Oyster Bay enjoys a rich and well-documented history. The first known European to sail past Long Island's south shore was Giovanni de Verrazano in 1524. David deVries was the first to record the name of Oyster Bay for the beautiful harbor on the Town's north shore in 1639. Long Island was first claimed by the Dutch as part of their province of New Netherland. In 1639, they purchased from the Native Americans a tract, which, on the east, included the present Town land. In 1648, Robert Williams of Hempstead bought from the Native Americans a large parcel of land, which is represented today by Hicksville and adjacent parts of Jericho, Plainview, Syosset and Woodbury.

Five years later, the Native American Chief Mohannes sold the land in the northern portion of Oyster Bay, extending on Long Island south to a point near Hicksville, to New Englanders Samuel Mayo, Peter Wright and William Leverich. Several other colonists joined in this first purchase and settled on the land.

In founding the Town, the New Englanders were seeking new opportunities on Long Island just east of the boundary established between the English and the Dutch. In 1667, three years after the English won New Netherland, the Town of Oyster Bay, inclusive of land to the "South Sea" (Great South Bay), was granted a patent by the English Governor, Sir Edmund Andros.

After the defeat of the American Army at the Battle of Long Island in August 1776, Oyster Bay fell under British occupation. The Revolutionary War found Long Island strongly loyalist. British troops used Raynham Hall as their headquarters, the Hall being the home of patriot Samuel Townsend and currently a museum. Raynham Hall today, reveals life from the American Revolution in the 1770s through Oyster Bay's affluent Victorian period in the 1870s and the beginning of the Gold Coast. Purchased by prominent community member, Samuel Townsend, the house was home to a total of three generations of this family. It is famous for housing the Queens Rangers, a loyalist regiment commanded by Lt. Col. John Graves Simcoe, during the Revolution. Added to the historic period room displays are stories of family haunts and the intrigue of General Washington's Culper Spy Ring. In fact, it was Robert Townsend (Culper Jr.) who gathered information leading to the capture of Major Andre and thwarted Benedict Arnold's plot to surrender West Point to the British. Despite the fact that he was arrested early in the war for his support of the patriots, his son, Robert remained active as an undercover agent for General Washington using the code name, "Culper, Jr.". With the aid of his sister, Sally, he reportedly secured information that led to the exposure of Benedict Arnold's plot to defect to the British and turn over West Point to their control.

After the Revolution, Oyster Bay continued primarily as an agricultural area through the 19th Century. It did not come into national prominence again until the presidency of Theodore Roosevelt, an Oyster Bay resident whose home, Sagamore Hill, served as the "summer White House" from 1902 to 1908. This huge Victorian mansion, with its original furnishings, was dedicated as a national shrine during the administration of President Eisenhower. It has since been completely restored and is open to the public. Built in 1884-85, Sagamore Hill was the last permanent home of Theodore Roosevelt. The estate is named after the old Sagamore Mohannes, who as Chief of his little tribe, "signed away his rights to the land". The house is a 23 room Victorian structure of frame and brick. Among the Large Hall and other rooms on the first floor is the spacious North Room, added in 1905. This spectacular room measures 30 by 40 feet and is built of Philippine and American woods: mahogany, black walnut, swamp cypress, and hazel. Filled with hunting trophies, books, paintings, flags, and furniture, the room vividly reflects the spirit of Theodore Roosevelt. The 37-acre National Environmental Study Area includes a forest, tidal salt marsh, and bay beach. A guided nature walk explores the conservation efforts of Theodore Roosevelt, but is only available on summer weekends, if staffing permits. This area is accessible by tour only. The area includes the Theodore Roosevelt burial site at Young's Cemetery. The Town operates and maintains Theodore Roosevelt Memorial Park and Beach located in the hamlet of Oyster Bay.

With the advent of World Wars I and II, the Town's primarily agricultural economy transitioned to an industrial and business-oriented society, especially in the area of aeronautics. Farmlands gave way to business complexes, factories and new housing. Today, Oyster Bay enjoys a diverse residential, commercial, and recreational development, identified by the Town's slogan that "Oyster Bay is a great place to live, work and play."



## GOVERNMENT

The Town of Oyster Bay is classified under the New York State Town Law as a suburban town. The Town, located in the easternmost section of Nassau County, has an area of 114 square miles. Located within the Town are 18 incorporated villages, three of which are partially located in neighboring towns. The villages all have their independent forms of government, but real property located therein is subject to taxation by the Town for certain Town purposes.

In addition, there are 14 independently governed school districts and eight fire districts, which rely upon their own taxing powers granted by the State of New York to raise revenue. Half of these school districts are entirely within the Town while portions of the remaining districts are located in neighboring municipalities.

The chief executive officer of the Town is the Supervisor, who is elected for a term of two years. The Supervisor is a member and the presiding officer of the Town Board. In addition to the Supervisor, residents elect six members to the Town Board to serve non-concurrent four-year terms. The Supervisor and Council members are elected at-large. The elected Town Clerk and Receiver of Taxes serve terms of two and four years, respectively.

## BUDGET

Formal budgetary integration is employed during the year as a management control device for the General, certain Special Revenue and Debt Service Funds. The Town Board adopts the budget and establishes the legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriations require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund and Special Grant Funds lapse at year end. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

## ECONOMIC CONDITION AND OUTLOOK

The Town of Oyster Bay is an economic engine within Nassau County. The headquarters of major employers, including nationally-known Altice USA, GEICO, Long Island University – Post and National Grid/PSEG are located within the Town of Oyster Bay. The Town has one of the lowest unemployment rates in the metropolitan area and State of New York, as well as one of the "richest-towns-in-America" according to Bloomberg News. The Motion Picture and Television Industry continues to expand, as the Town of Oyster Bay is home to one of the largest production facilities on the East Coast. As the economy and population continue to grow, so does our community. Significant growth is anticipated in the coming years as downtown Hicksville transforms into a vibrant mixed-use community. The Town, through the Town Board and the Department of Planning and Development, has in concert with the citizens of Oyster Bay, developed procedures to ensure new development in the Town, maintaining Oyster Bay's suburban quality of life.

Small businesses continue to be the backbone of the U.S. economy and employ residents. Home prices continue to strengthen in the Town and serve as a nest egg for residents. In the past two years, the Town continues to experience tremendous growth – including records in the issuance of residential building permits and revenue. National and global enterprises continue to expand within the Town. To assist residents and businesses, the Town recently created a Same Day Permit program and established an annex to its planning office for resident convenience.

Occupational outlook anticipates growth in professional, technical, clerical and service industries. Many high-tech manufacturing companies have located in the Town, attracted by a well-educated and highly skilled workforce. The unemployment rate in the Town continues to be below average as compared to the Long Island Region and New York State due to the fact that many companies have remained within the Town.



## MAJOR INITIATIVES

### Information Technology Standardization and Alignment Project

As information technology continues to advance, the Information Technology Division ("ITD") continues to balance their efforts across a wide spectrum of improvements ranging from infrastructure development and maintenance to enterprise level business process and data quality improvements.

Organizational transformation continues in the actions and strategies of the Town's diverse operational units. The ITD continues to work closely with Town departments to add value by providing modern business process improvement and reengineered strategies. Many of these efforts streamlined internal processes. In addition, the ITD provides technical support to all departments/users and locations throughout the Town. The ITD will continue to stress strong fundamental information technology methods and practices for data stewardship, measurable control, and value. These attributes will help lead the Town's organizational improvement efforts towards excellence in operational control and more importantly, an excellent resident experience.

### 2019 Information Technology ("IT") Initiatives

The Information Technology group is a 24-hour operation that supports an environment consisting of approximately 50 locations, 800 end users, computers, phones, and other devices for the Town's various departments. Systems are continuously monitored to avoid disruption of service, while also being analyzed for upgrades to better support the mission of the Town of Oyster Bay.

The Town continues an IT maintenance program focused on keeping its overall architecture as well as application and server configurations up to date and secure. This maintenance program also manages the expansion and upgrade of critical systems. In 2019, the maintenance efforts included upgrades to Town servers as well as the continued migration to Windows 2016 and 2019 Operating System. Other efforts continued into 2019 included database migrations to Structured Query Language "SQL" 2014. IT continued the rollout of new computers running Windows 10 and Office 2016. A new dedicated VMWare server and dedicated storage unit were installed to support Public Safety. This new environment supports multiple servers running the Town's security applications.

Other servers and applications upgraded to Windows Server 2019 include those utilized by the office of the Town Attorney to host legal matter processes and the Department of Public Works for their Fleet and Fuel management systems. In addition to the server operating system upgrades, the application software used by these departments also underwent significant upgrades.

In 2019, a significant upgrade to the Town's internal GIS viewers was begun. In addition to the upgrade to Windows 2019 and SQL 2017, the viewers were rewritten using current JavaScript/HTML5 as well as current Esri versions. The new viewers provide more functionality and performance is enhanced. This initiative will continue into 2020 as the viewers are tested and end users trained. In keeping with the Town's GIS commitment, all requests for geographic data layers from internal departments and outside entities continue to be satisfied timely.

The Town was also awarded grant funds to track "zombie houses". A portion of the grant includes the purchase and implementation of the technical components needed to develop the reporting, mapping and tracking programs for "zombie houses" within the Town. In 2019, the new modules were installed and tested and will be implemented live in 2020.

The Traffic and Criminal Software (TraCS) application was implemented in 2019. The application is used by many police departments in New York State to record and retrieve accident and ticket incident information wherever and whenever an incident occurs. The application is used by the Department of Public Safety, to submit issued tickets directly to the NYS courts.



## MAJOR INITIATIVES (continued)

ApplicationXtender is an Enterprise Content Management solution that electronically stores, organizes, and manages business content. In 2019, a major initiative was begun to upgrade the software version installed at the Town and begin developing the applications needed to start managing content for both the Department of Planning and Development (property permit documents) and the Town Attorney's office (Resolutions and their backup documentation). These applications will be rolled out in 2020 and efforts will continue to research other department uses.

### Energy Efficiency/Green Energy

As the global demand for energy continues to increase, energy conservation has become more important than ever. The Town of Oyster Bay has worked to institute policies and programs to make not only the operations of Town facilities more energy efficient, but also promote energy conservation in the private sector. As part of the plan to improve efficiency in Town facilities, Energy Star rated air conditioning units have been installed along with thermal glass windows. Boilers have been converted from oil to natural gas, which provides an increase in efficiency of 94%. The Town has also made its buildings more energy-friendly by installing an energy-efficient lighting system. This initiative was accomplished through grant funding, at no cost to Town residents. Additionally, the Town is currently using solar ("green") power at one of its facilities and has been exploring the use of "green" power on a larger scale. As a result, taxpayers will save millions of dollars. Additionally, largely in part due to the Same Day Permit Program, the Town has also become a leader in issuing permits for solar panel installation, receiving recognition by the New York State Energy and Research Development Authority ("NYSERDA").

The Town has also been conserving energy through the installation of energy efficient street lighting. As old street lighting fixtures come to the end of their lifespan, new energy-saving fixtures are installed. To date, the Town has replaced over 70 percent of its lighting fixtures, helping to reduce energy consumption while saving taxpayers millions. The Town also installed solar lighting systems on the top level of the Hicksville Commuter Parking Garage – helping to save taxpayers money and reduce the Town's carbon footprint by 4,000 pounds annually. In just three months the system has generated 908 kilowatt hours while only consuming 647 kilowatt hours. This equates to 984 pounds of carbon offset - the equivalent of 11 trees absorbing carbon dioxide. This Smart Off-Grid lighting system enables remote control, monitoring, and management of the lighting systems, ensuring our residents high reliability and low maintenance costs. Additionally, this Smart Off-Grid lighting allows service personnel to optimize lighting profiles, such as dimming the lights during periods of prolonged bad weather to preserve battery power, and also includes automated monitoring and alerts.

In the private sector, the Town has continued to mandate that home builders comply with the guidelines of the New York Energy Star Labeled Homes Program. By requiring all one and two-family homes, as well as multi-family dwellings, to comply with Energy Star guidelines, homeowners will be purchasing a more affordable residence to live by virtue of lower energy costs.

Changes in the international commodities market have forced the Town to make modifications to its Single Stream Recycling program in 2019, and the Town continues to look for efficient and responsible methods in which residents can recycle commodities. In addition to recycling and waste disposal programs, the Town offers collection and drop off availability for hazardous household products, glass, general home waste, construction debris, yard waste, paper shredding, and electronic waste.

Returning to a pristine environment has continued to be a big focus for the Town. The largest quality of life and environmental concern facing Town communities lies underground in Bethpage and continues to migrate toward Farmingdale and the Massapequas. The Grumman-Navy Plume, which now stretches four-miles long and two-miles wide in the underground aquifer, is the result of contaminants used to build what was needed to win America's wars. We have been fighting an environmental war against this toxic legacy. In 2019, the Town permitted the construction of remediation wells on our property to accelerate the cleanup process. We will continue to work with all stakeholders, including our water district experts, to further implement this plan and safeguard our water supply.



## MAJOR INITIATIVES (continued)

The Town has also set its sights on environmental remediation in other communities. From revamping its approach with Oyster Bay Harbor and the Great South Bay, to motivating the private sector to remediate brownfields in downtown Hicksville, the Town Board is demonstrating dedication in protecting local communities and the environment.

### Transparency and Ethics Reforms

The Supervisor and Town Board have worked tirelessly to deliver important services and restore the public's trust in government. To accomplish just that, the Supervisor and the Town Board took swift action to install a new, independent Board of Ethics with real and meaningful oversight. Together, the Supervisor and Town Board have instituted disclosure requirements for contractors, vendors and high level employees to prevent conflicts of interest and misdeeds. Additionally, a former Federal prosecutor was appointed to serve as Town Attorney.

To enhance transparency and ultimately save money, the Supervisor and Town Board enhanced live-streaming of Town Board meetings and work sessions so that the public may view the meetings from the comfort of their own home. These reforms were long overdue. The good-government organization, Reclaim New York, recognized the Town of Oyster Bay for their accomplishments. In fact, the Town of Oyster Bay is the first government in the State to partner with Reclaim New York to proactively improve transparency and provide residents unprecedented access to government. Furthermore, the Town was awarded a grade A from the Empire Center for its enhanced website transparency efforts to assist the public.

The Town Board was the first on Long Island to create a new office of Inspector General to oversee all aspects of the Town's contracting processes, furthering their initiatives to provide residents with confidence that proper rules and regulations are being followed when contracting with vendors and procuring goods and services. The Inspector General is charged with standardizing the Town's purchasing and contract administration; monitoring compliance with all applicable procurement guideline policies, and requirements of federal, state and local laws; providing technical expertise to ensure all contracts, requests for proposals and bid solicitations are posted on the Town's website; and expanding the Town's access to municipal and state electronic systems to verify the qualifications and standing of potential contractors. The office was created to bring an even greater level of transparency, integrity and ethics to the Town, which was the first local Town to appoint an inspector general (which was done in January 2019). The current Inspector General has extensive experience working with the FBI, CIA, and DEA.

## PLANNING FOR THE FUTURE AND PROTECTING QUALITY OF LIFE

Two of the most important functions of local government are planning and land use. These are the tools the Oyster Bay Town Board has used to ensure that our Town remains among the most desirable places to live. In a short time, the Supervisor and the Town Board have made great strides to help protect the quality of life guarded by Town residents, while taking steps to ensure a bright future for the Town where environmental resources are protected and the delicate balance of residential and business development continues to flourish.

Some of the plans, legislation and actions are as follows:

### Quality of Life Taskforce

To help address various issues facing communities throughout the Town, the Town Board created a Quality of Life Task Force, which has achieved many successes, including the removal of squatters and demolition of dangerous vacant homes. The Quality of Life Task Force is charged with combatting vacant and dilapidated homes, as well as focus on code enforcement concerns such as illegal housing, zombie homes, illegal business signs, noise, and unlicensed and uninsured contractors and landscapers.



## PLANNING FOR THE FUTURE AND PROTECTING QUALITY OF LIFE (continued)

To help combat zombie homes in local communities, the Town Board in 2018 approved a comprehensive package of laws that increase the Town's ability to seek restitution from property owners and lending institutions in violation of Town Code. These new legislations further allow the Town to recover costs associated with maintenance of vacant properties, and also require that a \$25,000 trust account must be established when a home enters into foreclosure. Most recently, the Town approved the creation of a mortgage default registry, which adds an additional layer of protection to its existing provisions for properties in foreclosure and holds lending institutions and property owners responsible for any maintenance required on an abandoned or derelict property. Since its inception, the efforts of the Quality of Life Task Force have resulted in a dozen zombie home demolitions in communities throughout the Town, improving local neighborhoods and protecting communities.

### Infrastructure Improvements

When people hear the word infrastructure, the first thought that comes to mind is usually roads, buildings and bridges. These are all infrastructure, but infrastructure encompasses so much more. From sports and recreational facilities to computer and energy systems, the Town maintains numerous assets. Each year, the Town works to appropriately budget infrastructure improvements and maintenance initiatives. In addition to the vast infrastructure improvements made at Town parks and other facilities, the Town has consistently upgraded and modernized its computer network to streamline tasks and better serve the public.

The Supervisor and Town Board have increased funding for road repaving. Ellsworth Allen Park in Farmingdale – a former Superfund site – was transformed into a community recreation and sports complex with ballfields, a softball field, t-ball field and multi-purpose athletic field. New playgrounds and pickleball courts have been installed, tennis courts renovated, and pool and beach facilities upgraded. Throughout 2019, infrastructure plans were enacted that better the town from the sound to the sea. In downtown Oyster Bay, enhancements were made to create a safer zone for pedestrians, bicyclists, and especially students. On the south shore, plans got underway for upgrades along Massapequa's waterfront, specifically at Alhambra Park.

Keeping the Town's infrastructure strong is important for many reasons; it allows the Town to better serve its residents and to continue providing the high quality municipal services and facilities that are hallmarks of the Town of Oyster Bay. Investing in our infrastructure has been an investment in a better future for everyone.

### Waterfront Protection and Vitalization Plans

The Town of Oyster Bay spearheaded the formation of the Oyster Bay/Cold Spring Harbor Protection Committee, which has brought together communities that border the watershed to develop an integrated management plan for this important marine resource.

The protecting of Oyster Bay Harbor, known as one of the crown jewels of the Town, is of utmost importance to Town officials, who have worked diligently to help improve its water quality. In 2019, members of the Town Board joined with the local Baymen's Association to seed Oyster Bay Harbor with one million clam seeds. This initiative improves water quality, bolsters the local economy and improves the resiliency of our coastal communities by restoring shellfish populations to the harbor. Furthering these efforts, the Town and Baymen officially opened a new Shellfish Hatchery in Oyster Bay in fall 2019. This initiative was launched with the goal of populating Oyster Bay Harbor with two million additional clams and oysters which will generate both economic benefits for the shellfish industry and environmental benefits that include improved water quality as each shellfish filters gallons of water per day.

The Town's various initiatives have kept communities beautiful, infrastructure strong, all while continuing to preserve and protect the quality of life enjoyed by Town residents. These initiatives have resulted in the Town being recognized by a variety of agencies. Recently, the Town was ranked by one of the country's most prestigious financial sources, Money Magazine, as the best place to live on Long Island.



## PLANNING FOR THE FUTURE AND PROTECTING QUALITY OF LIFE (continued)

The publication, which rated the top 50 places in the nation to live, also recognized Oyster Bay Town as the second in New York State and 34<sup>th</sup> in the nation because it has what residents most desire.

The Town was praised as a safe, enjoyable community for residents to raise their families, earn a living through economic opportunities and for its strong housing market. The Town also ranked high in terms of job growth and economic opportunity, as well as boasting an extremely low unemployment rate.

### FINANCIAL INFORMATION

#### Internal Controls

Pursuant to Town Law §34, certain financial functions of the Town are the responsibility of the Comptroller. The Supervisor, however, is the chief fiscal officer of the Town. The Comptroller, who is responsible to the Town Board, also acts as accounting officer of the Town. The duties of the Comptroller include administration, direction and control of the following divisions: Audit and Control, Information Technology, Payroll, Accounting and Accounts Payable.

To assist in meeting internal control objectives, the Town has elected to undertake an annual systemic, formalized review of departmental operations pursuant to the New York State Governmental Accountability, Audit and Internal Control Act of 1987. It has developed and maintained a system of administrative controls in accordance with objectives of the Act, established guidelines for evaluation of systems of internal accounting and undertaken annual reviews and reports. As a recipient of federal assistance, the Town also is responsible for ensuring that an adequate internal control structure is in place to be in compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by Comptroller personnel, as well as by the independent auditors engaged to conduct the annual single audit as required by law.

In addition, the Town maintains controls in order to ensure compliance with the budgetary provisions embodied in the annual appropriated budgets approved by the Town Board. Activities of the General Fund, Town Outside Village Fund, Highway Fund, Debt Service Fund and Special Districts Funds including the Drainage District, Fire Protection Districts, Lighting District, Park Districts, Garbage Collection Districts, Solid Waste Disposal District, Public Parking District and Water Districts, with the exception of the Capital Projects and Special Grant Funds, are provided for in annual appropriated budgets.

Activities of the Special Grant Fund are provided in appropriated budgets, for the federally allowable life of use of funds, as individual grants are made available to the Town. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control at which expenditures cannot exceed the appropriated amount is exercised at the object level. The Town also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, which have not been expended or encumbered, lapse at the end of the year. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation and may be expended in a subsequent budgetary period.

#### Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office, Albrecht, Viggiano, Zureck & Company, P.C. and our independent auditors Cullen & Danowski, LLP. I appreciate the efforts of all who assisted and contributed to its preparation.



Steven C. Ballas  
Comptroller

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**FINANCIAL  
SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Honorable Supervisor and Town Board  
Town of Oyster Bay  
Oyster Bay, New York

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented nonmajor component units, each major fund, and the aggregate remaining fund information of the Town of Oyster Bay, New York (Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of eight of the eleven nonmajor component units, Hicksville Water District, Locust Valley Water District, Oyster Bay Water District, Jericho Water District, Bethpage Water District, Syosset Sanitation District, Oyster Bay Sewer District and Glenwood-Glenhead Garbage District which represent 69.0%, 72.3% and 66.9%, respectively, of the assets, net position, and revenues of the aggregate discretely presented nonmajor component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those nine nonmajor component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the nonmajor component units presented discretely in these financial statements, Massapequa Water District, Plainview Water District, Locust Valley Water District, Oyster Bay Water District, Jericho Water District, South Farmingdale Water District, Syosset Sanitation District, Oyster Bay Sewer District and Glenwood-Glenhead Garbage District were not audited in accordance with *Government*

**Auditing Standards.** Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Nonmajor component Units	Unmodified
General Fund	Qualified
Highway Fund	Unmodified
Garbage Collection Districts Fund	Unmodified
Solid Waste Disposal Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Other Governmental Funds	Unmodified
Fiduciary Funds	Unmodified

### ***Basis for Qualified Opinions on Governmental Activities and General Fund***

Management had chosen to recognize as revenue in 2013, the proceeds collected on a sale of land which has not closed. Accounting principles generally accepted in the United States of America require consummation of a sale in order to recognize revenue on the sale of property. If the proceeds had been recorded as a deposit as required by generally accepted accounting principles, the governmental activities and the general fund would have a liability in the amount of \$30,025,000. In the statement of net position, total net position (deficit) would increase from a deficit of \$524,947,430 to a deficit of \$554,972,430 and in the balance sheet the fund balance of the general fund would be decrease from \$8,198,869 to a fund balance deficit of \$21,826,131.



### ***Qualified Opinions***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and the General Fund of the Town of Oyster Bay, New York as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented nonmajor component units, each major fund other than the General Fund, and the aggregate remaining fund information of the Town of Oyster Bay, New York, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information schedules, schedule of changes in the town's total other postemployment benefits liability and related ratios, schedule of pension contributions, schedule of proportionate share of the net pension liability, and the schedule of proportionate share of the length of service award program liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oyster Bay, New York's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Town of Oyster Bay, New York's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oyster Bay, New York's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*  
June 25, 2020

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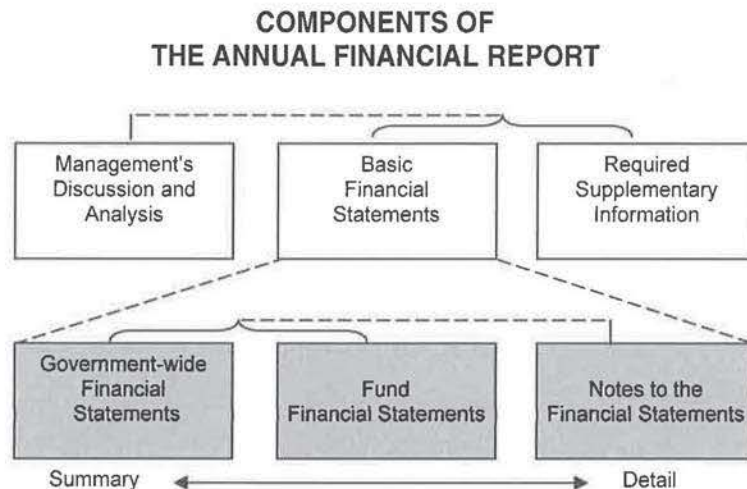
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

As management of the Town of Oyster Bay ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2019. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal of this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.



**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Government-wide Financial Statements** (continued)

The Town's government-wide financial statements include both the governmental activities of the Town itself (known as the primary government) and of its legally separate nonmajor component units for which the Town is financially accountable. Financial information for these nonmajor component units is reported separately (discretely presented) from the financial information presented for the primary government.

Governmental Activities

The Town's basic services are reported here, including: general government support; public safety; transportation; economic assistance and opportunity; culture and recreation and home and community services. Property taxes, local government assistance, mortgage taxes, franchise fees, fines, and state and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

Nonmajor Component Units

Nonmajor component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes eleven separate legal entities in its report (eight water districts, two sanitation districts, and one sewer district).

Information on separately issued financial statements is shown in Note 5 to the financial statements.

**Fund Financial Statements**

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near-term financial decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Fund Financial Statements** (continued)

Governmental Funds (continued)

The Town maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the six (6) major funds. The General Fund, Highway Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Debt Service Fund, and Capital Projects Fund are reported as major funds. Data from the eight (8) other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund statements in the other supplementary information section in this report.

The Town adopts an annual appropriated budget for its General, Special Revenue Funds, and Debt Service Fund except for the following funds: Capital Projects Fund and Special Grants Fund. A budgetary comparison schedule for the General Fund, Highway Fund, Garbage Collection Districts Fund, and Solid Waste Disposal District Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". The budgetary comparison schedule for the Debt Service Fund and all nonmajor governmental funds with the exception of the Special Grants Fund can be found in the section labeled "Other Supplementary Information".

Fiduciary Funds

All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

**Other Information**

In addition to the basic financial statements this report contains required supplementary information other than management's discussion and analysis and other supplementary information immediately following the notes to the financial statements.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$524,947,430 at the close of the most recent year.

Condensed Statement of Net Position  
Governmental Activities - Primary Government  
as of December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current and other assets	\$ 119,179,851	\$ 116,535,170
Capital assets	633,172,192	637,022,245
Total assets	<u>752,352,043</u>	<u>753,557,415</u>
Deferred Outflows of Resources	<u>104,517,085</u>	<u>26,884,260</u>
<b>Liabilities</b>		
Current and other liabilities	128,150,074	173,686,200
Long-term liabilities	1,117,525,877	1,080,593,171
Total liabilities	<u>1,245,675,951</u>	<u>1,254,279,371</u>
Deferred Inflows of Resources	<u>136,140,607</u>	<u>74,419,529</u>
<b>Net Position</b>		
Net investment in capital assets	94,413,718	85,406,978
Restricted	9,225,629	4,523,843
Unrestricted (deficit)	(628,586,777)	(638,188,046)
Total net position	<u>\$ (524,947,430)</u>	<u>\$ (548,257,225)</u>

Total assets and deferred outflows of resources of the Town as of December 31, 2019 were \$856,869,128, an increase of \$76,427,453 over the prior year. Total liabilities and deferred inflows of resources as of December 31, 2019 were \$1,381,816,558, an increase of \$53,117,658 over the prior year balance. This results in an overall net position deficit of \$524,947,430 as of December 31, 2019. Of the Town's net position balance, \$94,413,718 reflects the Town's investment in capital assets, net of accumulated depreciation (e.g., land, development rights, construction in progress, land rights, buildings, improvements other than buildings, machinery and equipment, software, roads, curbs, sidewalks, drainage systems and lighting systems); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities. The Town's net position balance also included \$9,225,629 that is restricted by statute or for other specific purposes and \$628,586,777 that is an unrestricted deficit.

The deficit balance of unrestricted net position includes unfunded long-term liabilities. These long-term liabilities will be funded through future budgetary appropriations when they become payable in future periods. Included in these long-term liabilities are due to Employees' Retirement System in the amount of \$16,858,347, compensated absences in the amount of \$23,087,886, claims and judgments payable in the amount of \$26,122,975, other litigation payable of \$196,000, estimated liability for landfill closure and post-closure care costs in the amount of \$2,400,000, capital lease payable of \$78,197, other postemployment benefits payable in the amount of \$487,552,863, length of service award program liability – proportionate share of \$7,552,325 and net pension liability – proportionate share of \$19,774,916.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

Our analysis below focuses on the changes in net position of the Town's governmental activities.

Changes in Net Position  
Governmental Activities - Primary Government  
for the years ended December 31, 2019 and 2018

	2019	2018
Program Revenues		
Charges for services	\$ 24,649,401	\$ 23,468,438
Operating grants and contributions	3,803,917	3,914,142
Capital grants and contributions	4,222,594	6,862,565
Total Program Revenues	<u>32,675,912</u>	<u>34,245,145</u>
General Revenues		
Real property taxes	234,677,867	234,030,013
Other real property tax items	10,305,298	10,490,964
Non-property tax items	5,561,876	5,642,122
Interest earnings	2,540,127	1,340,630
Local government assistance - unrestricted	16,049,873	15,497,649
State aid - unrestricted**	12,654,751	11,406,809
Other**	4,906,643	2,039,459
Total General Revenues	<u>286,696,435</u>	<u>280,447,646</u>
Total Revenues	<u>319,372,347</u>	<u>314,692,791</u>
Program Expenses		
General government support	35,175,120	31,296,069
Public safety	29,005,596	27,303,498
Transportation	57,514,994	57,624,042
Economic assistance and opportunity	3,228,546	3,157,405
Culture and recreation	69,175,777	69,941,598
Home and community services	77,446,692	77,656,093
Interest on debt	22,040,827	21,718,222
Total Expenses	<u>293,587,552</u>	<u>288,696,927</u>
Excess before Special Item	<u>25,784,795</u>	<u>25,995,864</u>
Special Item		
Return of proceeds from sale of land	(2,475,000)	3,122,789
Change in Net Position	<u>23,309,795</u>	<u>29,118,653</u>
Net Position at Beginning of Year, as reported	(548,257,225)	(313,032,791)
Cumulative Effect of a Change in Accounting Principle*		(264,343,087)
Net Position at Beginning of Year, as restated*	<u>(548,257,225)</u>	<u>(577,375,878)</u>
Net Position at End of Year	<u>\$ (524,947,430)</u>	<u>\$ (548,257,225)</u>

\*The cumulative effect of applying Government Accounting Standards Board Statement ("GASB") No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", in the amount of \$264,343,087, is shown as an adjustment to the beginning net position of 2018.

\*\*2018 State aid-per capita of \$1,682,422 has been reclassified for comparative purposes to Other for the new classification of AIM related payment in 2019.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

Net position, from all governmental activities, increased by \$23,309,795 in the current year. Key elements of the governmental activities are:

- The current year surplus was mainly due to the increase in fund balance of \$51,155,025 shown in the governmental funds, adjusted for various items presented in the government-wide financial statements. These items included the issuance of debt totaling \$81,614,090, repayment of bond principal totaling \$65,893,128, net decrease of \$1,540,075 in pension item related expenses, net increase of \$5,633,977 in expenses related to the unfunded liability for other postemployment benefits, increase in claims and judgments payable of \$4,489,223 and adjustments related to capital asset additions, depreciation and loss on dispositions resulting in a net expense of \$3,850,053.
- The Town is reporting a special item in the amount of \$2,475,000 for the return of proceeds from sale of land. This is from the final installment for the sale of land initiated in 2013 that was cancelled in 2020. See Note 1.E and 4.J.
- Total revenues were \$319,372,347 in 2019, an increase of \$4,679,556 over the prior year. General revenues were up overall by \$6,248,789, due primarily to increases in interest and earnings of \$1,199,497, State aid other of \$1,247,942 due to increased mortgage tax revenues received, and other revenues of \$2,867,184. Program revenues decreased from the prior year by \$1,569,233 due to a decrease in capital grants and contributions of \$2,639,971, primarily due to a decrease in transportation program grant activity. In addition, charges for services increased by \$1,180,963 which was mainly due to increases in services to other governments of \$292,861 and an increase in building and alteration permits of \$811,111.
- Total program expenses were \$293,587,552 in 2019, an increase of \$4,890,625 from the prior year. Expenses increased for general government support, public safety and interest on debt, which collectively had an increase in expenses of \$5,903,754, as well as small increase in economic assistance and opportunity. These increases were partially offset by decreases in transportation expenses, culture and recreation and home and community services, which collectively had a decrease in expenses of \$1,084,270. The increase in expenses for these functions was mainly due to increased expenses related to the other postemployment benefits. The increase in interest on debt was mainly due to the life of the general obligation bonds.

The following chart illustrates the total and net cost of services by function for the Town's governmental funds.

Net Cost of Services  
Governmental Activities - Primary Government  
for the years ended December 31, 2019 and 2018

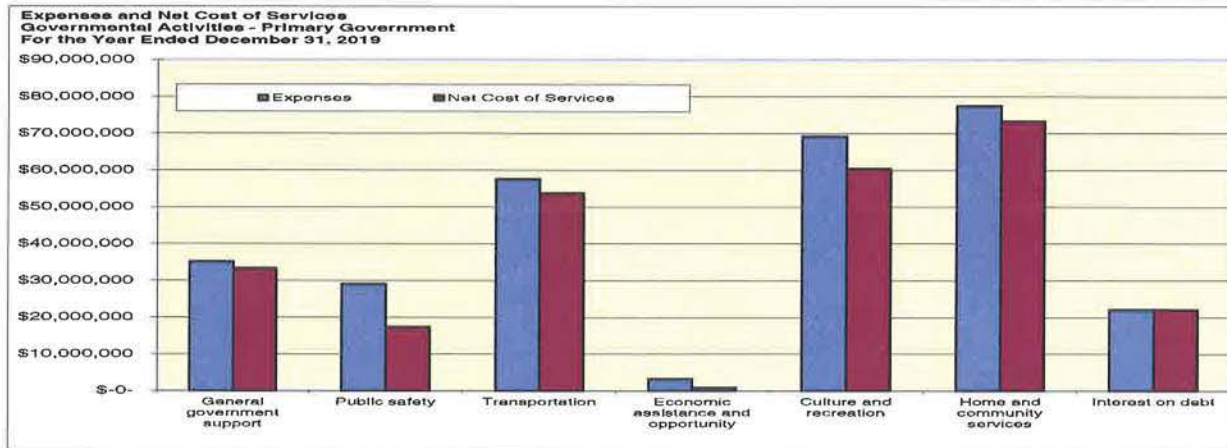
	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government support	\$ 35,175,120	\$ 31,296,069	\$ 33,356,932	\$ 30,140,299
Public safety	29,005,596	27,303,498	17,368,093	17,090,984
Transportation	57,514,994	57,624,042	53,700,227	49,501,400
Economic assistance and opportunity	3,228,546	3,157,405	836,625	731,991
Culture and recreation	69,175,777	69,941,598	60,348,295	62,322,784
Home and community services	77,446,692	77,656,093	73,260,641	72,946,102
Interest on debt	22,040,827	21,718,222	22,040,827	21,718,222
	<u>\$ 293,587,552</u>	<u>\$ 288,696,927</u>	<u>\$ 260,911,640</u>	<u>\$ 254,451,782</u>



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The total cost of all governmental activities this year was \$293,587,552. The net cost of these services after being subsidized by program revenues was \$260,911,640.

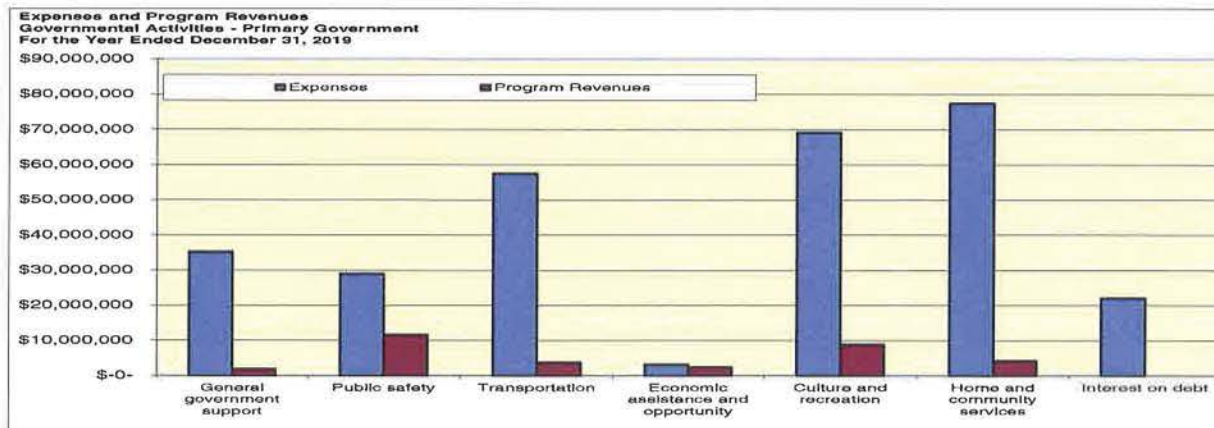


The following chart illustrates the total costs of services and program revenues by function for the Town's governmental activities.

**Total Cost of Services and Program Revenues**  
**Governmental Activities - Primary Government**  
**for the years ended December 31, 2019 and 2018**

	Total Cost of Services		Program Revenues	
	2019	2018	2019	2018
General government support	\$ 35,175,120	\$ 31,296,069	\$ 1,818,188	\$ 1,155,770
Public safety	29,005,596	27,303,498	11,637,503	10,212,514
Transportation	57,514,994	57,624,042	3,814,767	8,122,642
Economic assistance and opportunity	3,228,546	3,157,405	2,391,921	2,425,414
Culture and recreation	69,175,777	69,941,598	8,827,482	7,618,814
Home and community services	77,446,692	77,656,093	4,186,051	4,709,991
Interest on debt	22,040,827	21,718,222		
	<u>\$ 293,587,552</u>	<u>\$ 288,696,927</u>	<u>\$ 32,675,912</u>	<u>\$ 34,245,145</u>

The total cost of all governmental activities this year was \$293,587,552. The cost of these services were subsidized by program revenues of \$32,675,912.





**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

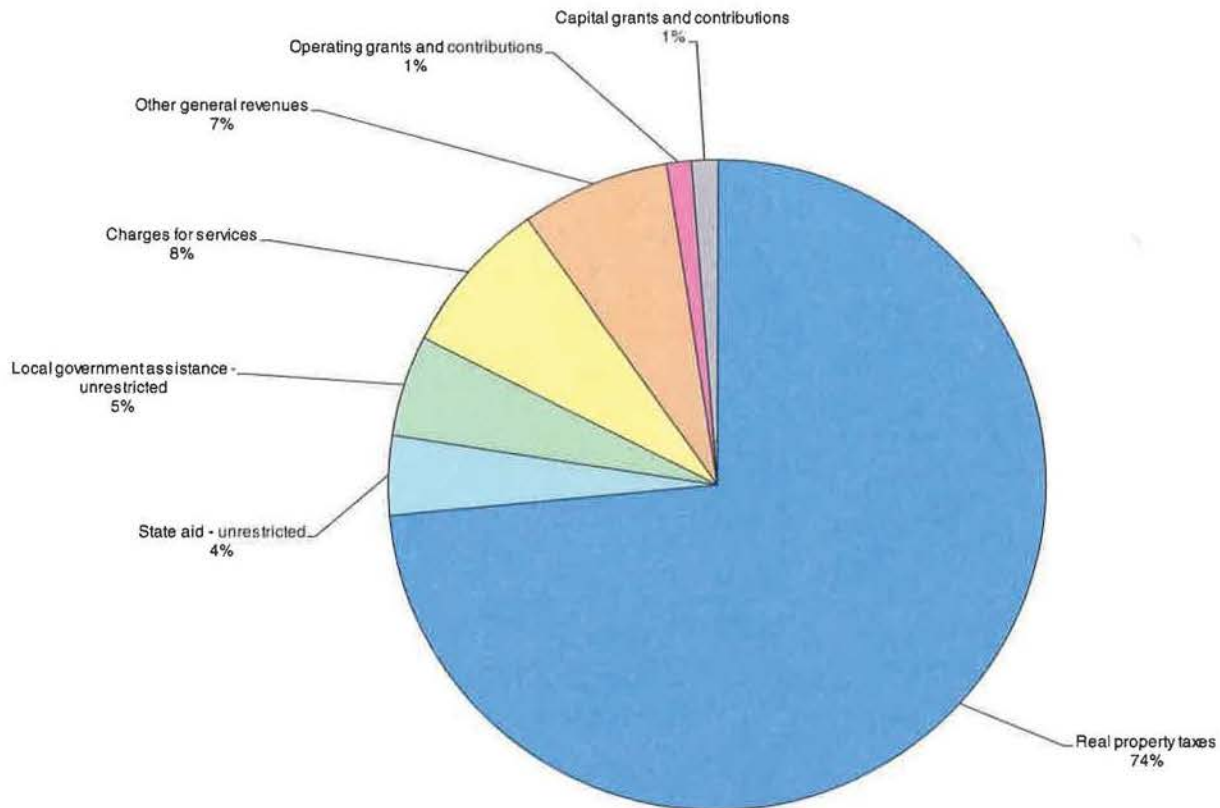
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Revenue by Source**

Governmental Activities - Primary Government

Year ended December 31, 2019

Real property taxes	\$ 234,677,867
State aid - unrestricted	12,654,751
Local government assistance - unrestricted	16,049,873
Charges for services	24,649,401
Other general revenues	23,313,944
Operating grants and contributions	3,803,917
Capital grants and contributions	4,222,594
	<u>\$ 319,372,347</u>



**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)**

**Governmental Funds (continued)**

At December 31, 2019, the Town's governmental funds reported a total ending fund balance of \$70,198,041, an increase of \$51,155,025 from the prior year fund balance of \$19,043,016. The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$3,278,767 (inherently nonspendable) includes the portion of net resources that are not in spendable form or will not convert to cash within the current period.
- **Restricted fund balance** - \$56,344,946 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$20,969,033 (limitation resulting from intended use) consists of amounts where the intended use is established by the Town Board, but do not meet the criteria to be classified as restricted or committed.
- **Unassigned fund balance deficit** - \$10,394,705 (residual net resources) is the remaining total fund balance deficit in the Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Capital Projects Fund, and Public Parking District of \$12,640,130 net of General Fund fund balance of \$2,245,425.

The positive change in total governmental fund balance was due largely to the issuance of bond anticipation notes long-term for \$80,695,000, refunding bonds of \$919,090 and an overall increase in revenue of \$2,311,027 and a decrease in expenditures of \$74,027,764 offset by \$963,200 to extinguish refunded debt. The Town began the year anticipating that revenues would equal expenditures, utilizing no appropriations of fund balance for the 2019 budget in the governmental funds. During the year, the Town appropriated an additional \$2,956,091 in fund balance to fund operations.

The changes in fund balance in the General Fund, Highway Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Capital Projects Fund and Nonmajor Governmental Funds are explained in their respective paragraphs below.

<b>General Fund</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	\$ 148,233,745	\$ 136,613,719	\$ 145,692,169
Expenditures	94,558,324	93,950,754	90,297,141
Other Financing Sources (Uses), net	(32,601,082)	(34,152,138)	(37,474,900)
Excess of Revenues over Expenditures	21,074,339	8,510,827	17,920,128
Special Items	(2,475,000)	3,122,789	-0-
Net Change in Fund Balance	18,599,339	11,633,616	17,920,128
Fund Balance (Deficit), beginning	(10,400,470)	(22,034,086)	(39,954,214)
Fund Balance (Deficit), ending	<u>\$ 8,198,869</u>	<u>\$ (10,400,470)</u>	<u>\$ (22,034,086)</u>

The General Fund operated at a surplus of \$18,599,339 which eliminated the fund deficit and provided a fund balance of \$8,198,869. Revenues increased by \$11,620,026 from the prior year to \$148,233,745, while expenditures increased by \$607,570 to \$94,558,324 and other financing uses decreased by \$1,551,056 to \$32,601,082 compared to the prior year. The increase in revenue was mainly caused by increases of \$8,564,136 in real property taxes, \$1,063,319 in use of money and property and state aid of \$1,332,897. The other financing sources (uses) decreased because of a transfer in of \$1,350,353 from debt service. The special item in 2019 is the return of proceeds from the sale of land, which was recognized as a revenue in 2018. See Notes 1.E and 4.J. Overall, the Town increased the fund balance from a deficit of \$22,034,086 for the year ended December 31, 2017 by \$30,232,955 to a fund balance of \$8,198,869 as of the year ended December 31, 2019.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)**

**Governmental Funds (continued)**

<b>Highway Fund</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	\$ 54,866,840	\$ 55,628,585	\$ 55,781,055
Expenditures	26,019,630	27,785,771	27,045,308
Other Financing Sources (Uses), net	(25,385,176)	(20,998,808)	(29,644,136)
Net Change in Fund Balance	3,462,034	6,844,006	(908,389)
Fund Balance (Deficit), beginning	2,674,949	(4,169,057)	(3,260,668)
Fund Balance (Deficit), ending	\$ 6,136,983	\$ 2,674,949	\$ (4,169,057)

In the Highway Fund, the fund balance was increased by \$3,462,034 to \$6,136,983. Revenues, which remained comparable to the prior year, totaled \$54,866,840, a decrease of \$761,745, while expenditures and net other financing sources (uses) totaled \$51,404,806, an increase of \$2,620,227 from the prior year. The increase in other financing sources of \$3,619,412 which was the result of transfer in of funds from closed capital projects was offset by a decrease in expenditures of \$2,451,458 mainly due to the decrease in debt service interest expenditures. Overall, the Town increased the fund balance from a deficit of \$4,169,057 for the year ended December 31, 2017 by \$10,306,040 to a fund balance of \$6,136,983 as of the year ended December 31, 2019.

<b>Garbage Collection Districts Fund</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	\$ 62,349,593	\$ 60,846,435	\$ 45,211,320
Expenditures	54,849,157	54,544,346	49,171,647
Other Financing Sources (Uses), net	(7,317,504)	(7,369,532)	(3,049,277)
Net Change in Fund Balance	182,932	(1,067,443)	(7,009,604)
Fund Balance, beginning	3,302,283	4,369,726	11,379,330
Fund Balance, ending	\$ 3,485,215	\$ 3,302,283	\$ 4,369,726

In the Garbage Collection Districts Fund, the fund balance was increased by \$182,932 to \$3,485,215. Revenues totaled \$62,349,593, an increase of \$1,503,158 from the prior year, while expenditures and other financing uses totaled \$62,166,661, an increase of \$252,783 from the prior year. The increase in revenues is primarily due to an increase in real property taxes of \$1,389,933. The overall increase in expenditures and other financing uses was mainly due to increases in employee benefits of \$427,515. Overall, the Town decreased the fund balance of \$4,369,726 for the year ended December 31, 2017 by \$884,511 as of the year ended December 31, 2019.

<b>Solid Waste Disposal District Fund</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues	\$ 25,435,423	\$ 27,158,603	\$ 32,426,976
Expenditures	21,738,438	23,222,280	26,080,295
Other Financing Sources (Uses), net	(4,164,708)	(4,361,216)	(2,773,573)
Net Change in Fund Balance	(467,723)	(424,893)	3,573,108
Fund Balance (Deficit), beginning	(6,441,111)	(6,016,218)	(9,589,326)
Fund Balance (Deficit), ending	\$ (6,908,834)	\$ (6,441,111)	\$ (6,016,218)

In the Solid Waste Disposal District Fund, fund balance deficit was increased by \$467,723 to \$6,908,834. Revenues totaled \$25,435,423, a decrease of \$1,723,180 from the prior year, while expenditures and other financing uses totaled \$25,903,146, a decrease of \$1,680,350 from the prior year. The decrease in revenue was mainly due to a decrease in real property taxes of \$1,880,255. The overall decrease in expenditures and other financing uses was mainly due to decreases in employee benefit expenditures of \$1,162,258. Overall, the Town increased the fund deficit of \$6,016,218 for the year ended December 31, 2017 by \$892,616 as of the year ended December 31, 2019.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)**

**Governmental Funds (continued)**

In the Capital Projects Fund, the fund balance was increased by \$31,958,179 to \$42,791,274. The increase was the result of revenues of \$3,214,907 and the proceeds from long-term bond anticipation notes of \$80,695,000 in excess of expenditures for ongoing capital projects of \$47,643,665 and an interfund transfer out of \$4,308,063 for completed capital improvement projects.

The total Nonmajor Governmental Funds' fund balance surplus was decreased by \$2,579,736. Revenues totaled \$64,406,033, a decrease of \$7,297,054 from the prior year, while expenditures and other financing uses totaled \$66,985,769, a decrease of \$1,510,554 from the prior year. The decrease in revenue was mainly due to decreases in real property taxes of \$6,216,479 and federal aid of \$983,966. The decrease in expenditures and other financing uses was primarily caused by decrease in transfers out of other financing uses.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town appropriated expenditures in the original General Fund budget equal to estimated revenues for a balanced budget. Over the course of the year, the Town Board revises the budget as needed so that expenditures do not exceed appropriations. In the General Fund, various transfers between appropriations were approved for this purpose. The budget was also revised as a result of encumbrances from the prior year. The final budget for expenditures and other financing uses was increased as well by the appropriation of additional unassigned fund balance by \$685,031. Please see the General Fund section for more details on the comparison of final budget to actual amounts.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2019, the Town had \$633,172,192, in net capital assets including land, development rights, construction in progress, land rights, buildings, improvements other than buildings, machinery and equipment, software, roads, curbs and sidewalks, drainage and street lighting. In addition, the Town has encumbered funds for commitments of capital expenditures in the amount of \$5,311,557. The Town's nonmajor component units had \$257,831,238 in net capital assets including land, construction in progress, buildings, improvements other than buildings, machinery and equipment, software, water and sewer mains.

Capital Assets at December 31,

<u>Primary government</u>	<u>2019</u>	<u>2018</u>
Land	\$ 116,512,327	\$ 116,032,327
Development rights	1,306,296	1,306,296
Construction in progress	2,618,712	2,450,650
Land rights	9,296,520	9,296,520
Buildings	169,321,538	168,141,648
Improvements other than buildings	518,782,396	504,094,231
Machinery and equipment	97,605,244	95,269,194
Software	26,145,838	25,732,989
Infrastructure:		
Roads, curbs and sidewalks	441,142,543	420,709,069
Drainage system	180,377,666	180,256,293
Lighting system	23,194,821	22,777,185
Total capital assets	1,586,303,901	1,546,066,402
Less: accumulated depreciation	953,131,709	909,044,157
Primary government - Total net capital assets	<u>\$ 633,172,192</u>	<u>\$ 637,022,245</u>



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

During 2019, the Town's capital assets decreased by \$3,850,053. The decrease in capital assets included depreciation expense of \$50,115,209 and a loss on dispositions of \$766,647, offset by additions net of prior year construction in progress placed into service of \$47,031,803.

Additional information on the Town's capital assets can be found in Note 3.C to the financial statements.

Capital Assets at December 31,

<u>Nonmajor component units</u>	<u>2019</u>	<u>2018</u>
Land	\$ 5,834,112	\$ 5,834,112
Construction in progress	41,657,081	18,093,773
Buildings	74,343,917	69,049,031
Improvements other than buildings	138,000,671	135,229,900
Machinery and equipment	61,098,714	54,599,248
Software	225,093	202,729
Infrastructure:		
Water mains	95,363,808	93,274,491
Sewer system	1,524,942	1,517,692
<b>Total capital assets</b>	<b>418,048,338</b>	<b>377,800,976</b>
Less: accumulated depreciation	160,217,100	149,612,719
<b>Component units - Total net capital assets</b>	<b>\$ 257,831,238</b>	<b>\$ 228,188,257</b>

The capital program is a long-range financing guide and not a definite plan. Each appropriation must be authorized by Town Board resolution before its commencement. Each may be financed by issuance of general obligation bonds, which, at times, are preceded by issuance of bond anticipation notes for various periods of time depending on the probable usefulness of the purpose of the expenditure. The following sets forth a summary of the Town's capital program, as adopted for 2020 and the next five years (in thousands).

<u>Equipment</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund	\$ 7,203.5	\$ 5,159.0	\$ 4,769.0	\$ 4,432.0	\$ 4,130.0	\$ 3,685.0
General - Part Town	248.0	115.0	57.5	57.5	57.5	57.5
Highway Fund	3,350.0	3,077.0	3,111.0	3,134.0	2,999.0	3,121.0
Special Districts	4,841.5	3,617.5	3,725.5	3,565.5	3,320.0	3,404.0
<b>Total Equipment</b>	<b>\$ 15,643.0</b>	<b>\$ 11,968.5</b>	<b>\$ 11,663.0</b>	<b>\$ 11,189.0</b>	<b>\$ 10,506.5</b>	<b>\$ 10,267.5</b>
<u>Improvements</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund	\$ 9,605.0	\$ 10,005.0	\$ 4,375.0	\$ 5,180.0	\$ 3,965.0	\$ 4,870.0
Highway Fund	30,394.0	31,094.0	31,818.0	27,938.0	24,769.0	22,875.0
Special Districts	2,460.0	2,625.0	2,150.0	1,850.0	1,850.0	1,850.0
<b>Total Improvements</b>	<b>\$ 42,459.0</b>	<b>\$ 43,724.0</b>	<b>\$ 38,343.0</b>	<b>\$ 34,968.0</b>	<b>\$ 30,584.0</b>	<b>\$ 29,595.0</b>
<b>Total Program</b>	<b>\$ 58,102.0</b>	<b>\$ 55,692.5</b>	<b>\$ 50,006.0</b>	<b>\$ 46,157.0</b>	<b>\$ 41,090.5</b>	<b>\$ 39,862.5</b>

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Debt Administration**

At December 31, 2019, the Town had \$601,290,000 in long-term general obligation bonds outstanding, of which \$520,493,980 was for general Town purposes. Also outstanding at year-end were bond anticipation notes in the amount of \$101,035,000 of which \$83,035,000 was for general Town purposes.

Debt Limit

The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven percent of the average full valuation of taxable real estate of the Town, and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service.

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. Percentage of debt contracting power exhausted at December 31, 2019 was 14.36%.

Additional information on the Town's debt activity can be found in Note 3.D to the financial statements

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Property Tax**

Chapter 97 of the Laws of 2011 ("Tax Cap Law") was enacted on June 24, 2011 and took effect for the 2012 budget year. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.

The Town has adopted a budget for 2020, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive and negative fund balances. The 2020 budget includes an overall decrease in real property tax revenue from the prior year of .002% for the Town's overall governmental activities.

**State Aid and Local Assistance**

The Town receives financial assistance from New York State and Nassau County. During 2019, financial assistance included state aid – mortgage tax \$12,654,751; AIM related payment (formerly state aid -per capita) \$1,682,422 and County local government assistance of \$16,049,873. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town may be affected by a delay in the payment of state aid. The State is not constitutionally obligated to maintain or continue state aid to the Town. The Town's 2020 budget included similar amounts for this financial assistance.

**Bond Rating**

In July 2019, Moody's maintained its underlying rating of Baa3 while upgrading the Town's outlook from stable to positive. Standard & Poor's ("S&P") rating has remained at BBB- since May 2018.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2019

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)**

**Property Condemnation and Environmental Issues**

The Town is currently in litigation on certain matters which involve property condemnation and/or the remediation for the contamination by environmentally hazardous substances. These matters are at various stages of litigation and it is uncertain as to the outcome. Additional information on these matters can be found in Note 4.B to the financial statements.

**Town Concessionaire Litigation**

The Town is currently in litigation on certain matters which involve a Town concessionaire. While certain litigations were dismissed in the Town's favor by appellate courts, the Town Attorney cannot predict the outcome of the remaining pending litigations or whether any additional litigation against the Town or its officers or officials will be initiated. Additional information on this matter can be found in Note 4.C to the financial statements.

**Sale of Department of Public Works (DPW) Facility**

On January 28, 2020, the Town Board voted to approve a settlement of \$30,450,000 to be paid to the Purchaser, which effectively canceled the sale of the Town's DPW Facility. On January 31, 2020, the Town paid the Purchaser the full settlement amount, and a stipulation of discontinuance was filed with the Court.

On the same day that the Town Board voted to approve the settlement, they also voted to approve the issuance of \$30,000,000 in bonds to pay for the settlement. Those bonds are expected to be issued in August 2020 and will be paid back over the course of the next 15 years. Serial bonds are considered a revenue as they are a permanent source of financing. The revenue generated by the \$30,000,000 in bonds will largely offset the \$30,450,000 expense incurred via the settlement, leaving only a \$450,000 net negative effect to the overall fund balance. Additional information on this matter can be found in Note 4.J to the financial statements.

**COVID-19**

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Town.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller at Town of Oyster Bay, 74 Audrey Avenue, Oyster Bay, NY 11771.

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**BASIC FINANCIAL STATEMENTS**

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2019

	Primary Governmental Activities	Nonmajor Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 81,709,229	\$ 89,106,295
Restricted cash and investments	3,505,345	
Accounts receivable, net of allowances \$1,075,303	5,598,083	9,485,540
State and federal aid receivables	7,529,695	2,095,512
Due from other governments, net of allowances \$53,587	5,615,496	884,330
Due from primary government		7,106,809
Due from component units	1,540,986	
Other assets		18,036
Inventory of material and supplies	3,278,767	831,372
Prepaid items		1,098,292
Total Current Assets	<u>108,777,601</u>	<u>110,626,186</u>
<b>Non-Current Assets:</b>		
Receivable - service concession arrangement	10,402,250	
Non-depreciable capital assets	120,437,335	47,491,193
Depreciable capital assets, net of depreciation	512,734,857	210,340,045
Total Non-Current Assets	<u>643,574,442</u>	<u>257,831,238</u>
<b>Total Assets</b>	<u>752,352,043</u>	<u>368,457,424</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refundings, net of accumulated amortization	3,961,302	57,911
Other postemployment benefits	78,673,214	11,982,001
Length of service award program	1,841,119	
Pensions	<u>20,041,450</u>	<u>3,185,133</u>
<b>Total Deferred Outflows of Resources</b>	<u>104,517,085</u>	<u>15,225,045</u>

(continued)

See notes to the financial statements

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2019

	Primary Governmental Activities	Nonmajor Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	31,631,131	15,426,897
Accrued liabilities	6,328,895	514,007
Accrued interest payable	8,589,253	1,490,085
Bond anticipation notes payable	2,340,000	100,000
Due to other governments	197,028	
Due to primary government		1,540,986
Grant advances	138,671	
Unearned income	31,263	135,285
Other liabilities		799,801
Non-current liabilities due within one year:		
General obligation bonds payable	69,222,541	6,244,662
Due to Employees' Retirement System	2,493,446	
Compensated absences	1,154,394	608,357
Claims and judgments payable	5,505,110	
Other litigation payable	196,000	
Estimated liability for landfill closure and postclosure care costs	300,000	
Retirement incentive payable		
Capital lease payable	22,342	
Other debt		1,160,662
Total Current Liabilities	<u>128,150,074</u>	<u>28,020,742</u>
<b>Non-Current Liabilities:</b>		
General obligation bonds payable	462,878,660	75,096,976
Bond anticipation notes payable long-term	80,695,000	17,900,000
Due to Employees' Retirement System	14,364,901	
Compensated absences	21,933,492	3,926,099
Claims and judgments payable	20,617,865	
Estimated liability for landfill closure and postclosure care costs	2,100,000	
Capital lease payable	55,855	
Other postemployment benefits payable	487,552,863	75,123,852
Length of service award program liability - proportionate share	7,552,325	
Net pension liability - proportionate share	19,774,916	3,020,545
Other debt		21,033,185
Total Non-Current Liabilities	<u>1,117,525,877</u>	<u>196,100,657</u>
<b>Total Liabilities</b>	<u>1,245,675,951</u>	<u>224,121,399</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Contractual service fees		36,000
Service concession arrangement	11,051,332	
Other postemployment benefits	115,905,237	15,798,547
Length of service award program	511,659	
Pensions	8,672,379	1,212,961
<b>Total Deferred Inflows of Resources</b>	<u>136,140,607</u>	<u>17,047,508</u>
<b>NET POSITION</b>		
Net investment in capital assets	94,413,718	148,176,492
Restricted:		
Length of service award program	3,505,345	
Culture and recreation	5,701	
Home and community services	360,732	42,195,436
Economic assistance and opportunity	404,873	
Debt service	4,948,978	
Unrestricted (deficit)	<u>(628,586,777)</u>	<u>(47,858,366)</u>
<b>Total Net Position</b>	<u>\$ (524,947,430)</u>	<u>\$ 142,513,562</u>

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2019

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Government Activities:				
General government support	\$ 35,175,120	\$ 1,818,188		
Public safety	29,005,596	11,637,503		
Transportation	57,514,994	1,441,484	\$ 456	\$ 2,372,827
Economic assistance and opportunity	3,228,546		2,391,921	
Culture and recreation	69,175,777	7,893,320	228,534	705,628
Home and community services	77,446,692	1,858,906	1,183,006	1,144,139
Interest on debt	22,040,827			
Total Primary Government	\$ 293,587,552	\$ 24,649,401	\$ 3,803,917	\$ 4,222,594
NONMAJOR COMPONENT UNITS				
Home and community services	\$ 61,992,007	\$ 31,226,634	\$ -0-	\$ 3,793,514

**General Revenues**

Real property taxes  
Other real property tax items  
Non-property tax items  
Interest earnings  
Local government assistance - unrestricted  
State aid - unrestricted  
Other

**Special Item**

Return of proceeds from sale of land

Total General Revenues and Special Item

Change in Net Position

Net Position at Beginning of Year, as reported

Prior period adjustment

Net Position at Beginning of Year, as restated (See Note 6)

Net Position at End of Year

See notes to the financial statements.

Net (Expenses) Revenue and  
Change in Net Position

Primary Government	Nonmajor Component Units
\$ (33,356,932)	
(17,368,093)	
(53,700,227)	
(836,625)	
(60,348,295)	
(73,260,641)	
(22,040,827)	
<u>\$ (260,911,640)</u>	

\$ (26,971,859)

\$ 234,677,867	\$ 29,858,590
10,305,298	1,722,781
5,561,876	
2,540,127	1,524,639
16,049,873	
12,654,751	
4,906,643	7,530,885
(2,475,000)	
<u>284,221,435</u>	<u>40,636,895</u>
23,309,795	13,665,036
(548,257,225)	129,202,055
	(353,529)
<u>(548,257,225)</u>	<u>128,848,526</u>
<u>\$ (524,947,430)</u>	<u>\$ 142,513,562</u>

**TOWN OF OYSTER BAY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2019

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
<b>ASSETS</b>			
Cash and investments	\$ 5,515,547	\$ 6,620,337	\$ 1,106,506
Restricted cash and investments			
Accounts receivable, net of allowances for doubtful accounts of \$1,075,903	2,518,281	367,485	
Due from other funds	3,450,000		7,900,000
State and federal aid receivables	2,742,461	7,356	
Due from other governments, net of allowances for doubtful accounts of \$53,587	5,232,664	351,082	
Due from component units			
Inventory of material and supplies	2,226,843	797,609	
Total Assets	\$ 21,685,796	\$ 8,143,869	\$ 9,006,506
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 9,099,159	\$ 1,371,555	\$ 4,249,783
Accrued liabilities	3,049,781	635,331	1,271,508
Bond anticipation notes payable			
Due to other governments	176,730		
Due to other funds			
Grant advances			
Unearned revenue	19,175		
Total Liabilities	12,344,845	2,006,886	5,521,291
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue from rental of real property	493,000		
Unearned revenue - service concession arrangement	649,082		
Total Deferred Inflows of Resources	1,142,082		
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	2,226,843	797,609	
Restricted	616,890	3,619,412	
Assigned	3,109,711	1,719,962	3,485,215
Unassigned	2,245,425		
Total Fund Balances (Deficit)	8,198,869	6,136,983	3,485,215
Total Liabilities and Fund Balances (Deficit)	\$ 21,685,796	\$ 8,143,869	\$ 9,006,506

See notes to the financial statements.



Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 85,320	\$ 100,628	\$ 45,903,735	\$ 22,377,156 3,505,345	\$ 81,709,229 3,505,345
2,550,479			161,838	5,598,083
245,233		3,925,987	608,658	11,350,000
1,627		28,666	1,457	7,529,695
		1,540,986		5,615,496
			254,315	1,540,986
				3,278,767
<u>\$ 2,882,659</u>	<u>\$ 100,628</u>	<u>\$ 51,399,374</u>	<u>\$ 26,908,769</u>	<u>\$ 120,127,601</u>

\$ 2,354,506 136,987		\$ 6,247,802 2,340,000 20,298	\$ 5,078,816 1,235,288	\$ 28,401,621 6,328,895 2,340,000 197,028
7,300,000			4,050,000 138,671 12,088	11,350,000 138,671 31,263
<u>9,791,493</u>		<u>8,608,100</u>	<u>10,514,863</u>	<u>48,787,478</u>

				493,000
				649,082
				<u>1,142,082</u>

72,000	\$ 100,628	47,119,317	254,315 4,816,699 12,654,145	3,278,767 56,344,946 20,969,033
(6,980,834)		(4,328,043)	(1,331,253)	(10,394,705)
<u>(6,908,834)</u>	<u>100,628</u>	<u>42,791,274</u>	<u>16,393,906</u>	<u>70,198,041</u>
<u>\$ 2,882,659</u>	<u>\$ 100,628</u>	<u>\$ 51,399,374</u>	<u>\$ 26,908,769</u>	<u>\$ 120,127,601</u>



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**TOWN OF OYSTER BAY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2019

Total Fund Balances - Governmental Funds \$ 70,198,041

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets less accumulated depreciation are  
included in the Statement of Net Position:

Capital assets - non-depreciable	120,437,335
Capital assets - depreciable	1,465,866,566
Accumulated depreciation	(953,131,709)

Receivables in the Statement of Net Position that do not provide current financial resources are not reported as receivables in the funds.	10,402,250
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Long-term liabilities applicable to the Town's governmental activities are not  
due and payable in the current period and accordingly are not reported in  
the funds. However these liabilities are included in the Statement of Net Position:

General obligation bonds payable, inclusive of premiums	(532,101,201)
Long-term bond anticipation notes	(80,695,000)
Due to Employees Retirement System	(16,858,347)
Compensated absences	(23,087,886)
Claims and judgments payable	(26,122,975)
Other litigation payable	(196,000)
Estimated liability for landfill closure and postclosure care costs	(2,400,000)
Capital lease payable	(78,197)
Other postemployment benefits payable	(487,552,863)
Length of service award program liability - proportionate share	(7,552,325)
Net pension liability - proportionate share	(19,774,916)

Deferred outflows of resources included in the Statement of Net Position:

Deferred charges	3,961,302
Other postemployment benefits	78,673,214
Length of service award program	1,841,119
Pensions	20,041,450

Additional accounts payable included in the Statement of Net Position	(3,229,510)
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Deferred inflows of resources included in the Statement of Net Position:

Service concession arrangements	(10,402,250)
Other postemployment benefits	(115,905,237)
Length of service award program	(511,659)
Pensions	(8,672,379)

Other assets not available to pay for current-period expenditures, and therefore, are deferred inflows in the funds.	493,000
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Interest payable applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the Statement of Net Position.	(8,589,253)
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Net Position of Governmental Activities	\$ (524,947,430)
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See notes to the financial statements.

**TOWN OF OYSTER BAY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year ended December 31, 2019

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
<b>REVENUES</b>			
Real property taxes	\$ 64,001,350	\$ 51,554,097	\$ 61,262,797
Other real property tax items	3,576,089	2,357,202	892,335
Non-property tax items	5,561,876		
Departmental income	7,386,514	848,619	
Intergovernmental charges	16,350,501	30,532	
Use of money and property	2,121,177	76,380	193,632
Licenses and permits	295,485		
Fines and forfeitures	381,233		
Sale of property and compensation for loss	354,499		
Miscellaneous local sources	2,946,614	10	829
Interfund revenues	32,292,150		
State aid	12,954,775		
Federal aid	11,482		
Total Revenues	148,233,745	54,866,840	62,349,593
<b>EXPENDITURES</b>			
Current:			
General government support	40,893,083		
Public safety	5,403,977		
Transportation	805,116	18,760,809	
Economic assistance and opportunity	22,878		
Culture and recreation	18,578,473		
Home and community services	1,912,628		38,500,705
Employee benefits	26,614,900	7,183,934	16,287,207
Capital Outlay			
Debt Service:			
Principal	22,342		
Interest	304,927	74,887	61,245
Bond issuance costs			
Total Expenditures	94,558,324	26,019,630	54,849,157
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	53,675,421	28,847,210	7,500,436
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,350,353	4,247,941	44,579
Transfers out	(33,951,435)	(29,633,117)	(7,362,083)
Premiums on obligations			
Long-term bond anticipation notes issued			
Refunding bond issued			
Debt service - principal - current refunding			
Total Other Financing Sources (Uses)	(32,601,082)	(25,385,176)	(7,317,504)
<b>SPECIAL ITEM</b>			
Return of proceeds from sale of land	(2,475,000)		
Total Special Item	(2,475,000)		
<b>Net Change in Fund Balances</b>	18,599,339	3,462,034	182,932
<b>Fund Balances (Deficit) at Beginning of Year</b>	(10,400,470)	2,674,949	3,302,283
<b>Fund Balances (Deficit) at End of Year</b>	\$ 8,198,869	\$ 6,136,983	\$ 3,485,215

See notes to the financial statements.

Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 14,516,543			\$ 43,343,080	\$ 234,677,867
460,156			3,019,516	10,305,298
				5,561,876
10,238,068			12,777,258	31,250,459
13,490				16,394,523
	\$ 1,145,211		649,123	4,185,523
				295,485
				381,233
61,693				416,192
	604,622	\$ 61,763	335,649	3,949,487
				32,292,150
140,473		3,153,144	965	16,249,357
5,000			4,280,442	4,296,924
25,435,423	1,749,833	3,214,907	64,406,033	360,256,374
	1,052			40,894,135
			15,071,031	20,475,008
			4,696,895	24,262,820
			2,338,659	2,361,537
			15,900,110	34,478,583
19,468,233			5,224,750	65,106,316
2,257,914			12,578,327	64,922,282
		47,643,665		47,643,665
	64,929,928			64,952,270
12,291	21,461,645		313,543	22,228,538
	44,787			44,787
21,738,438	86,437,412	47,643,665	56,123,315	387,369,941
3,696,985	(84,687,579)	(44,428,758)	8,282,718	(27,113,567)
28,402	90,696,583		386,621	96,754,479
(4,193,110)	(6,057,596)	(4,308,063)	(11,249,075)	(96,754,479)
	92,702			92,702
		80,695,000		80,695,000
	919,090			919,090
	(963,200)			(963,200)
(4,164,708)	84,687,579	76,386,937	(10,862,454)	80,743,592
				(2,475,000)
				(2,475,000)
(467,723)		31,958,179	(2,579,736)	51,155,025
(6,441,111)	100,628	10,833,095	18,973,642	19,043,016
\$ (6,908,834)	\$ 100,628	\$ 42,791,274	\$ 16,393,906	\$ 70,198,041

**TOWN OF OYSTER BAY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
Year ended December 31, 2019

Net Change in Fund Balance	\$ 51,155,025
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense in the current period is:</p>	
Capital outlay/donation	47,031,803
Depreciation expense	(50,115,209)
Loss on dispositions	(766,647)
Net change in deferred outflows of resources not reported in the funds:	
Deferred charges on refundings	(701,689)
Other postemployment benefits	78,673,214
Length of service award program related amounts	982,467
Pension related amounts	(1,321,167)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:</p>	
Due to Employees Retirement System	2,412,233
Compensated absences	(793,104)
Claims and judgments payable	(4,489,223)
Estimated liability for landfill closure and postclosure care costs	300,000
Capital lease payable	22,343
Other postemployment benefits payable	(12,337,710)
Length of service award program liability - proportionate share	(1,371,067)
Net pension liability - proportionate share	(9,434,018)
Accrued interest cost	187,710
Net change in deferred inflows of resources not reported in the funds:	
Other postemployment benefits	(71,969,481)
Length of service award program related amounts	(169,117)
Pension related amounts	9,883,027
Other assets not available to pay for current period expenditures, and therefore, are deferred and amortized in the Statement of Activities.	1,851,367
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:</p>	
Issuance of debt	(81,614,090)
Repayment of bond principal	65,893,128
Change in Net Position of Governmental Activities	<u>\$ 23,309,795</u>

See notes to the financial statements.

**TOWN OF OYSTER BAY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
December 31, 2019

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 92,961,757
Total Assets	\$ 92,961,757
<b>LIABILITIES</b>	
Due to the Comptroller of the State of New York	\$ 45
Due to the Department of Environmental Conservation of the State of New York	840
Due to the Department of Health of the State of New York	1,778
Due to the Department of Agriculture and Markets of the State of New York	158
Due to school districts	80,958,205
Due to component units	7,106,809
Other agency liabilities	4,893,922
Total Liabilities	\$ 92,961,757

See notes to the financial statements.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Oyster Bay ("Town"), which was established in 1653, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor who is elected for a term of two years and six council members who are elected for terms of four years. The Town Board appoints the Town Attorney, Comptroller and Inspector General whose terms are fixed by Town Law. The Town Clerk and Receiver of Taxes are elected and serve for two years and four years, respectively. The Director of Finance is appointed by the Supervisor. The Town Board appoints the following ten Commissioners: Public Works, Community and Youth Services, General Services, Human Resources, Intergovernmental Affairs, Parks, Planning and Development, Environmental Resources, Public Safety, and Highways. The Commissioners serve at the discretion of the Town Board.

The Town provides a full range of municipal services, including public safety, transportation, home and community services, public works and road maintenance, recreation and parks, economic assistance and opportunity, and general and administrative services.

The financial statements of the Town of Oyster Bay have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units, except for the accounting of the sale of land discussed in Note 1.E. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below.

**A. Reporting Entity**

The financial reporting entity consists of: (a) the primary government, which is the Town of Oyster Bay; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Town of Oyster Bay reporting entity is based on several criteria, including legal standing, financial accountability or the determination by management that it would be misleading to exclude the component unit. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town of Oyster Bay's reporting entity.

Certain special districts of the Town are separate legal entities and have separately elected boards of commissioners. These special districts provide water, sewer and sanitation services to residents and businesses within the districts. The special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency, the Town is financially accountable for these special districts. Accordingly, these special districts have been determined to be nonmajor component units of the Town and are presented discretely in a separate column in the combined government-wide financial statements to emphasize that they are legally separate from the primary government. Condensed financial statements along with the addresses of the administrative office, for these nonmajor component units are presented in Note 5.

The Town of Oyster Bay Housing Authority ("Authority") is an autonomous body, created under Section 480 of New York State Public Housing Law, responsible for maintaining housing for seniors and families of low income. The Authority is overseen by a seven-member commission. Five members are appointed to five-year terms by the Town Board. Two tenant commissioners are elected to two-year terms by all the residents within the housing units and then confirmed by the Town Board. The Authority is considered a related organization because the majority of the commissioners are appointed by the Town. The Town cooperates with the Housing Authority in making social programs available to seniors at each complex they control. The Housing Authority is not considered a part of the Town's reporting entity.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major and non-major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the Town as a whole, except fiduciary activities with separate columns for the primary governmental activities as well as the discretely presented nonmajor component units.

In the government-wide Statement of Net Position, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term debt and obligations and deferred inflows of resources. The Town's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functional categories (general government support, public safety, transportation, economic assistance and opportunity, culture and recreation and home and community services), which are otherwise supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc.).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchases of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire Town. In the fund financial statements, the emphasis is on the major funds and nonmajor funds are summarized into a single column. Accordingly, the Town maintains the following fund types:

**Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major and nonmajor funds.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

Fund Financial Statements (continued)

**Governmental Funds** (continued)

The Town reports the following major governmental funds:

General Fund - is the principal operating fund of the Town. This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Highway Fund - is a special revenue fund used to account for maintenance and improvement of the Town's roadways and the cost of snow removal. The major source of revenue is real property taxes.

Garbage Collection Districts - is a special revenue fund used to account for sanitation services provided by garbage collection district #1 and #2. The major source of revenue is real property taxes.

Solid Waste Disposal District - is a special revenue fund used to account for the solid waste disposal and recycling service of the Town. The major sources of revenue are real property taxes and departmental income. The Town reports the Solid Waste Disposal District as a major fund rather than a nonmajor fund to enhance consistency and because management believes it is important to the financial statement users.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the Town accounts for and reports the following nonmajor funds:

Special Revenue Funds include the following:

Town Outside Village - is used to account for revenues and expenditures for certain services provided to the area of the Town located outside of incorporated villages.

Special Grants Fund - is used to account for federal aid for the Community Development Block Grant, Temporary Assistance for Needy Families, Workforce Investment Act Programs and other federal grant programs.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financials Statements** (continued)

Fund Financial Statements (continued)

**Governmental Funds** (continued)

Special District Funds - are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Funds consist of a number of separate districts, which are administered by the Town Board as follows:

Drainage District

Park Districts:

Bethpage	Hicksville	Oyster Bay
Glenwood - Glen Head	Jericho	Plainview-Old Bethpage
Hempstead-Oyster Bay	Locust Valley	South Farmingdale
Community Hall and Swimming Pool	Massapequa	Syosset
	Nassau Shores	

Fire Protection Districts:

Bayville	Greenvale	Plainview
East Norwich	Northeast Farmingdale	
Glenwood - Glen Head	Oyster Bay	

Lighting District

Public Parking District

Water District:

Northeast Farmingdale

**Fiduciary Funds** - Fiduciary Funds are used to account for assets held by the Town in a trustee or custodial capacity.

Agency Fund - is for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Funds - accounts for consolidated payroll, amounts due to component units and other agency liabilities.

Town Clerk Agency Funds - accounts for amounts due to other governments for license and permit fees.

Town Receiver of Taxes Agency Funds - accounts for amounts due to other governments for general and school taxes collected.

**Discretely Presented Nonmajor Component Units**

Certain special districts that have separately elected boards and provide water, sewer, and sanitation services to residents and businesses within their districts. These districts, which follow government fund accounting principles and are accounted for as discretely presented nonmajor component units, are as follows:

Massapequa Water District	Oyster Bay Water District	Syosset Sanitation District
Plainview Water District	Jericho Water District	Oyster Bay Sewer District
Hicksville Water District	South Farmingdale Water District	Glenwood - Glenhead
Locust Valley Water District	Bethpage Water District	Garbage District

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus refers to what is being measured whereas the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered available if they are collected within 60 days after the year end. The Town generally considers all other revenues available if they are collected within 120 days after the year end. Revenues susceptible to accrual include Nassau County local assistance at year end on behalf of the Town, franchise fees, and charges for services, intergovernmental revenues and operating transfers. In certain unusual circumstances this application of the Town's normal availability period for a given revenue source might distort revenue trends from one year to the next. In such unusual circumstances, revenues maybe considered available if received beyond 120 days, however to the extent the revenue will remain uncollected after one year, the Town classifies the fund balance as nonspendable in the General Fund or as restricted or assigned fund balance in funds other than the General Fund.

Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) principal and interest on indebtedness are recognized as expenditures when due; (b) other long-term liabilities which vest or accumulate, are charged as expenditures when paid.

Because governmental funds statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' primary governmental activities column, reconciliations are presented that briefly explain the adjustments necessary to reconcile ending net position and the change in net position.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity**

**1. Restricted Cash and Investments – Length of Service Award Program (LOSAP) Program Assets**

The Town jointly sponsors two length of service award programs ("LOSAP") to provide retirement-like benefits for those volunteering time and services pertaining to firefighting services, in accordance with the Program Plan Documents. The assets are held in trust accounts in the name of the award programs. See Note 3.A for more information on the program's investments and Note 3.F for more information on the programs.

**2. Receivables**

Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)**

3. Prepaid Items

Prepaid items in the government-wide statements represent nonmajor component unit retirement benefits that will benefit a future period.

4. Inventory - Materials and Supplies

Inventory in the General and Special Revenue Funds is valued at cost, using weighted average cost method. Inventory in these funds is accounted for under the consumption method.

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation and amortization on all assets are provided on the straight-line basis over the following estimated useful lives:

Land rights	10-15 years
Buildings	40 years
Improvements other than buildings	20 years
Machinery and equipment	8-10 years
Software	5-10 years
Infrastructure:	
Roads, curbs and sidewalks	20 years
Drainage system	20 years
Street lighting	20 years

Infrastructure assets, consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage system, street lighting, water mains and sewer system are capitalized along with other capital assets.

See nonmajor component units' audited financial statements for specific component unit policy information.

In the fund financial statements, capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

6. Deferred Outflows of Resources

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity or net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time. In this category, the Town reports deferred charges on refundings that will be recognized in a future period in the government-wide statement of activities. The Town also reports amounts related to other postemployment benefits, pensions and length of service award programs, which consists of differences between the expected and actual experience, changes in assumptions and the Town's contributions made subsequent to the measurement date.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity** (continued)

**7. Deferred Inflows of Resources**

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The unavailable revenue related to rental of real property is deferred in the governmental funds and will be recognized as an inflow of resources in the period that the amounts become available. The governmental funds also contain a deferred amount for an upfront payment on a service concession arrangement that was not earned in the current year. In the government-wide financial statements, the Town reports deferred inflows of resources associated with other postemployment benefits, pensions and length of service award programs which consists of differences between the pension plan's expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings and the changes in proportion and differences between the Town's contributions and proportionate share of contributions. The Town also reports a deferred inflow of resources for the present value of the future installment payments to be received under the service concession arrangement after the advance fee has been liquidated.

**8. Premiums of Debt Issuance**

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of the general obligations in the non-current liabilities.

**9. Long-Term Obligations**

The liabilities for long-term obligations consisting of general obligation bonds payable, bond anticipation notes long-term, due to Employees' Retirement System, compensated absences, claims and judgments payable, other litigation payable, estimated liability for landfill closure and postclosure care costs, capital lease payable, other postemployment benefits payable, proportionate shares of length of service award and net pension liability and other debt are recognized in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount.

In the fund statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

**10. Interfund Transactions**

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the fund's statements interfund transactions include:

**a) Interfund Revenues**

Interfund revenues in the General Fund represent amounts charged for services or facilities provided by the General Fund and charging the cost to the other funds. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that fund. The interfund revenue recorded in the General Fund is substantially an administrative charge which allocates 60% of the expenditures for the Town Board, Executive, Comptroller, Receiver of Taxes, Town Clerk, Town Attorney, Human Resources, General Services and Public Safety Departments to other funds for services rendered.

**b) Transfers**

Transfers represent payments to the Debt Service and Capital Projects Funds from the other funds for their appropriate share of the debt service or capital project costs.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity** (continued)

**11. Real Property Tax Assessment and Collection Procedures**

In Nassau County, the assessment and lien of real property for taxation is done by the County Department of Assessment. The County assessment rolls are used for the levy of real property taxes by the Town and the School Districts, as well as by the County and by Special Districts of the County and the Town. The Town of Oyster Bay Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Real property taxes become a lien on January 1<sup>st</sup> for general taxes and October 1<sup>st</sup> for school taxes.

Town and County taxes are levied on January 1<sup>st</sup>, and are due in two installments, 50% on January 1<sup>st</sup> and 50% on July 1<sup>st</sup>, payable without penalty to February 10<sup>th</sup> and August 10<sup>th</sup>, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1<sup>st</sup> and July 1<sup>st</sup> until August 31<sup>st</sup>, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amount collected, and forwards the balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

Accounts receivable includes restored taxes from prior tax rolls received within 60 days of year-end.

School District property taxes are levied on October 1<sup>st</sup>, and are also payable in two installments; however, a separate tax bill is sent out for school tax purposes. School property taxes are due in two installments, 50% on October 1<sup>st</sup> and 50% on April 1<sup>st</sup> payable without penalty to November 10<sup>th</sup> and May 10<sup>th</sup>, respectively. The County is also responsible for uncollected school taxes.

**12. Benefits**

Eligible Town employees participate in the New York State and Local Employees' Retirement System ("System").

Full-time town employees may choose to participate in the Town's elective deferred compensation plans established under Internal Revenue Code Section 457.

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Town's employees may become eligible for these benefits if they reach normal retirement age with at least five or ten consecutive years of service while working for the Town.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), are provided through the New York State Empire Plan ("Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for the other postemployment benefits payable is recorded as a non-current liability in the government-wide statements.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity** (continued)

**13. Length of Service Award Program ("LOSAP") Liabilities**

The Town jointly sponsors LOSAPs, defined benefit service award programs, for its volunteer firefighters of two different fire protection districts. The two programs have multiple sponsors all of whom are legally responsible for annual contributions to the program, as such this is considered a special funding situation. The programs are administered through a trust. Payments under the program are made from the general assets of the sponsors.

The trust does not meet the criteria of GASB Statement No. 73, paragraph 4 because the assets are not protected from the Town's creditors. Accordingly, the Town reports its proportionate share of the total LOSAP service award liabilities which have been measured at the actuarial present value of projected benefit payments without offset from the trust assets.

**14. Compensated Absences**

The liability for vested or accumulated vacation, sick leave or compensatory time (compensated absences) is recorded as current and non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends or expected payouts. Compensated absence liability and expense are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported in the funds statement of the respective fund that will pay it.

**15. Net Position and Fund Equity Classifications**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Accounts payable in the Capital Projects Fund and retainage payable in the government-wide financial statements are capital related debt and are used in the calculation of net investment in capital assets.
- b) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financials statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

- a) Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), (b) will not convert to cash within the current period (i.e. long-term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity** (continued)

15. Net Position and Fund Equity Classifications (continued)

- b) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision-making authority. The Town's highest decision-making authority is the Town Board, who by adoption of a Town ordinance prior to year-end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
- d) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes but are neither restricted nor committed. The Town Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- e) Unassigned fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources – committed, assigned and unassigned - in order as needed.

16. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

17. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

18. New Pronouncements

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board ("GASB") that are applicable. During the year ended December 31, 2019, the statement that had an impact on the Town's financial statement was:

Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, effective immediately. This Statement postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018 and later. The new effective dates of applicable standards are presented in Note 8, in accordance with this standard.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Equity (continued)**

**19. Subsequent Events**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**E. Accounting for Sale of Land**

In August 2013, the Town executed an agreement for the sale of a parcel of Town land with a total purchase price of \$32,500,000. Upon the execution of this agreement, the Town received a \$2,500,000 deposit payment and a \$27,525,000 installment payment, which were recorded as revenue in the General Fund. In 2018, the Town accrued an additional installment payment in the amount of \$2,475,000 after it sent the requisite notices to the buyer.

Although generally accepted accounting principles require that the revenue from the sale of land be recorded at the time that the seller has received the full sale price and that all conditions necessary for closing have been met, the Town had chosen to recognize the deposit and installment payments as revenue.

At December 31, 2019, the Town had not yet closed on the land sale and title for the land has not transferred to the buyer. Accordingly, if the deposit payment and installment payments had been recorded under the deposit method in conformity with generally accepted accounting principles, total fund balance in the General Fund would be decreased by \$32,500,000 and total liabilities would be increased respectively. In addition, the net position on the Statement of Net Position would be decreased by the same amount.

Subsequent to year-end, the Town Board has settled with the Purchaser to effectively cancel the sale. See Note 4.J for related commitment and contingency information.

At December 31, 2019, the General Fund recognized as a special item an accrual for the return of proceeds from sale of land in the amount of \$2,475,000. This amount was also recognized this year in the Statement of Activities.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before September 20<sup>th</sup>, each department, officer or district submits to the Budget Officer and to the Comptroller a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30<sup>th</sup>, the Budget Officer files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5<sup>th</sup>, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20<sup>th</sup> the Town Board meets to adopt the budget now known as the "annual budget".
- e) Formal budgetary integration is employed during the year as a management control device for the General, certain Special Revenue and Debt Service Funds. The Town Board adopts the budget and establishes the legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. All budgetary amendments and transfers of appropriations require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**A. Budgetary Information (continued)**

- f) Budgets for the General, Debt Service, and Special Revenue Funds exclusive of the Special Grant Fund, are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis, respectively.
- g) In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2.00% property tax cap for municipalities, however there are permitted exceptions and adjustments that can increase the property tax cap percentage. Beginning in 2012, no local government is authorized to increase its property tax levy by more than the calculated property tax cap; however local governments can exceed the property tax cap limit by a 60% vote of the governing body and annually adopting a local law.

The 2019 budget included no increase in real property tax revenue from the prior year for the Town's overall governmental activities.

**B. Fund Balance (Deficit)**

The fund balance section of the balance sheets of the governmental funds focus on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The components of fund balance include the following items, as needed: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted, and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Highway Fund	Garbage Collection Districts Fund	Solid Waste Disposal District Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>								
Nonspendable:								
Inventory	\$ 2,226,843	\$ 797,609					\$ 254,315	\$ 3,278,767
Total Nonspendable	2,226,843	797,609	\$ -0-	\$ -0-	\$ -0-	\$ -0-	254,315	3,278,767
Restricted for:								
Debt service	611,189	3,619,412			100,628		617,749	4,948,978
Capital projects						47,119,317		47,119,317
LOSAP							3,505,345	3,505,345
Grantor restrictions	5,701						693,605	699,306
Long-term receivables				72,000				72,000
Total Restricted	616,890	3,619,412	-0-	72,000	100,628	47,119,317	4,816,699	56,344,946
Assigned to:								
Purchases on order:								
General	494,130							494,130
Highway		35,140						35,140
Park districts							2,775	2,775
General fund:								
Insurance	2,615,581							2,615,581
Special revenue funds:								
Highway		1,684,822						1,684,822
Town outside village							6,140,509	6,140,509
Drainage district							2,016,240	2,016,240
Park districts							1,366,988	1,366,988
Fire protection districts							1,347,147	1,347,147
Lighting district							1,755,754	1,755,754
Water districts							24,732	24,732
Long-term receivables:								
Garbage collection districts			3,485,215					3,485,215
Total Assigned	3,109,711	1,719,962	3,485,215	-0-	-0-	-0-	12,654,145	20,969,033
Unassigned, reported in								
General fund	2,245,425							2,245,425
Special revenue funds				(6,980,834)			(1,331,253)	(8,312,087)
Capital projects fund						(4,328,043)		(4,328,043)
Total Unassigned	2,245,425	-0-	-0-	(6,980,834)	-0-	(4,328,043)	(1,331,253)	(10,394,705)
Total Fund Balances (Deficits)	\$ 8,198,869	\$ 6,136,983	\$ 3,485,215	\$ (6,980,834)	\$ 100,628	\$ 42,791,274	\$ 16,393,906	\$ 70,198,041

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (continued)

**C. Deficit Fund Equity**

Individual funds with total fund deficits as of December 31, 2019 were as follows:

	Total Fund Balance (Deficit)
Solid Waste Disposal District	\$ (6,908,834)
Public Parking District	(790,967)

The Solid Waste Disposal District carried forward a deficit of \$6,441,111 from the prior year. The deficit was increased due to actual expenditures being higher than originally anticipated. The increased expenditures were mostly related to sanitation transportation and medical insurance costs. This was partially offset by the collection of more refuse and garbage revenues than were anticipated. The Town anticipates eliminating this deficit through careful monitoring of expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Public Parking District carried forward a deficit of \$534,664 from the prior year. The deficit was increased due to higher than expected expenses for salaries. Overall, revenues were in line with total budgeted amounts. The Town anticipates eliminating this deficit through careful monitoring of expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

**3. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months.

The Town's investments are governed by a formal investment policy. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (CLASS).

Cash and investments of the primary government consist of the following:

	Governmental Funds	Fiduciary Funds		
		Town Agency	Town Clerk	Receiver of Taxes
Cash:				
Demand Deposits	\$ 75,929,590	\$ 11,571,774	\$ 23,107	\$ 81,366,276
Money Market	5,771,354			
Total Cash	<u>81,700,944</u>	<u>11,571,774</u>	<u>23,107</u>	<u>81,366,276</u>
Cash on Hand:				
Petty Cash	8,285			600
Investments:				
Length of Service Award	3,505,345			
	<u>\$ 85,214,574</u>	<u>\$ 11,571,774</u>	<u>\$ 23,107</u>	<u>\$ 81,366,876</u>



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**A. Cash and Investments (continued)**

It is the Town's policy to require collateral held in the name of the Town for demand deposits, money market deposits and certificates of deposit for all deposits not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial Credit Risk – Deposits / Investments– Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name

At December 31, 2019, the Town's bank deposit balances were \$176,474,567. Of these balances, \$39,388,706 was covered by the Federal Deposit Insurance Corporation, \$10,814,040 was covered by irrevocable stand-by letters of credit issued by the Federal Home Loan Bank, which were held by the pledging financial institutions in the Town's name, \$126,201,117 was covered by collateral held by the Town's agents, third-party financial institutions, in the Town's name, \$70,333 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the Town and \$371 is uncollateralized.

As of December 31, 2019, the Town of Oyster Bay did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

At December 31, 2019, the Town's nonmajor component units' bank deposit balances were \$89,527,482. Of these balances, \$6,661,632 was covered by Federal Deposit Insurance Corporation, \$25,207,202 was covered by irrevocable stand-by letters of credit issued by the Federal Home Loan Bank, \$12,124,095 which were held by the pledging financial institutions in the nonmajor component units' name, \$45,534,553 was covered by collateral held by the nonmajor component units' agents, third-party financial institutions, in the nonmajor component units' name.

In addition, the Town's nonmajor component units had investments in CLASS, consisting of U.S. Treasury obligations and repurchase agreements relating to Treasury obligations totaling \$30,697.

Restricted Length of Service Award Program Investments

The Town contributes monies to two length of service award programs ("LOSAP"), as a non-employer contributing entity through joint sponsorship intermunicipal agreements. The funds are set-a-side for LOSAP retirement-like benefits for those volunteering time and services pertaining to firefighting services, in accordance with the Program Plan Documents. The funds are managed by an administrator, designated by the joint sponsoring boards. The administrator maintains the investments in a group benefit trust that are invested by Mass Mutual in their general investment account. The underlying investments are in group annuity contracts and are reported at contract value.

The Town's proportionate share of the LOSAP investments are reported in the Fire Protection Districts Fund and are included in the schedule of cash and investments on the previous page. See Note 3.F for more information on the programs.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**B. Interfund Receivables, Payables and Transfers**

Interfund receivable and payable balances for the Town at December 31, 2019 represent temporary borrowings. These amounts will be reimbursed subsequent to year end and are stated as follows:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
Major Funds:		
General Fund	\$ 3,450,000	
Garbage Collection Districts	7,900,000	
Solid Waste Disposal District		\$ 7,300,000
Total Major Funds	<u>11,350,000</u>	<u>7,300,000</u>
Nonmajor Funds:		
Park Districts		3,450,000
Public Parking District		600,000
Total Nonmajor Funds	<u>-0-</u>	<u>4,050,000</u>
Total	<u>\$ 11,350,000</u>	<u>\$ 11,350,000</u>

Interfund transfer balances for the Town at December 31, 2019 represent primarily the payment of the general obligation bond and bond anticipation note principal and interest and capital project funding and are stated as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 1,350,353	\$ 33,951,435
Highway Fund	4,247,941	29,633,117
Garbage Collection Districts	44,579	7,362,083
Solid Waste Disposal District	28,402	4,193,110
Debt Service Fund	90,696,583	6,057,596
Capital Projects Fund		4,308,063
Total Major Funds	<u>96,367,858</u>	<u>85,505,404</u>
Nonmajor Funds:		
Town Outside Village Fund	14,435	472,969
Drainage District	1,143	500,824
Park Districts	143,824	4,690,806
Lighting District	16,385	478,625
Public Parking District	210,834	5,105,851
Total Nonmajor Funds	<u>386,621</u>	<u>11,249,075</u>
Total	<u>\$ 96,754,479</u>	<u>\$ 96,754,479</u>



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

	Balance 1/1/19	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/19
<b>Primary Government</b>				
Capital assets not being depreciated:				
Land	\$ 116,032,327	\$ 480,000		\$ 116,512,327
Development rights	1,306,296			1,306,296
Construction in progress	2,450,650	1,017,147	\$ 849,085	2,618,712
Total Capital Assets Not Being Depreciated	119,789,273	1,497,147	849,085	120,437,335
Depreciable capital assets:				
Land rights	9,296,520			9,296,520
Buildings	168,141,648	1,179,890		169,321,538
Improvements other than buildings	504,094,231	14,688,165		518,782,396
Machinery and equipment	95,269,194	8,580,733	6,244,683	97,605,244
Software	25,732,989	412,849		26,145,838
Infrastructure:				
Roads, curbs and sidewalks	420,709,069	20,433,474		441,142,543
Drainage system	180,256,293	121,373		180,377,666
Lighting system	22,777,185	417,636		23,194,821
Total Depreciable Capital Assets	1,426,277,129	45,834,120	6,244,683	1,465,866,566
Less accumulated depreciation:				
Land rights	5,906,985	656,809		6,563,794
Buildings	52,582,004	3,891,997		56,474,001
Improvements other than buildings	331,340,784	17,104,805		348,445,589
Machinery and equipment	79,988,167	5,551,522	6,027,657	79,512,032
Software	15,538,139	2,450,214		17,988,353
Infrastructure:				
Roads, curbs and sidewalks	232,989,178	19,528,006		252,517,184
Drainage system	172,683,235	557,066		173,240,301
Lighting system	18,015,665	374,790		18,390,455
Total Accumulated Depreciation	\$ 909,044,157	\$ 50,115,209	\$ 6,027,657	953,131,709
Total Net Depreciable Capital Assets				512,734,857
Total Net Capital Assets				\$ 633,172,192
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 5,319,792
Public safety				225,982
Transportation				23,684,949
Economic assistance and opportunity				4,326
Culture and recreation				16,453,032
Home and community services				4,427,128
Total Governmental Activities Depreciation Expense				\$ 50,115,209

The Town of Oyster Bay evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets (continued)**

	Balance 1/1/19	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/19
<b>Discretely Presented Component Units</b>				
Capital assets not being depreciated:				
Land	\$ 5,834,112			\$ 5,834,112
Construction in progress	18,093,773	\$ 30,731,915	\$ 7,168,607	41,657,081
Total Capital Assets Not Being Depreciated	23,927,885	30,731,915	7,168,607	47,491,193
Depreciable capital assets:				
Buildings	69,049,031	5,294,887	1	74,343,917
Improvements other than buildings	135,229,900	2,770,771		138,000,671
Machinery and equipment	54,599,248	6,745,254	245,788	61,098,714
Software	202,729	22,364		225,093
Infrastructure:				
Water mains	93,274,491	2,089,317		95,363,808
Sewer system	1,517,692	7,250		1,524,942
Total Depreciable Capital Assets	353,873,091	16,929,843	245,789	370,557,145
Less accumulated depreciation:				
Buildings	23,718,487	1,952,842		25,671,329
Improvements other than buildings	45,412,214	4,372,925		49,785,139
Machinery and equipment	33,940,342	2,727,980	245,788	36,422,534
Software	46,019	29,297		75,316
Infrastructure:				
Water mains	45,540,583	1,745,644		47,286,227
Sewer system	955,074	21,481		976,555
Total Accumulated Depreciation	\$ 149,612,719	\$ 10,850,169	\$ 245,788	160,217,100
Total Net Depreciable Capital Assets				210,340,045
Total Net Capital Assets				\$ 257,831,238
Depreciation expense was charged to discretely presented component units as follows:				
Home and community services				\$ 10,850,169
Total discretely presented component unit depreciation expense				\$ 10,850,169

**D. Indebtedness**

Short-term Debt

**Bond Anticipation Notes (BANs)** – Bond anticipation notes (BANs) are generally used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. These BANs bear interest rates of 3.00% and were partially renewed on March 12, 2020. The \$2,340,000 of notes that were paid 2020 are considered short-term and are included in the Capital Projects Fund and \$100,000 related to component unit debt. The remainder of the notes were renewed again in 2020 with a new maturity of March 12, 2021. Those notes are considered long-term and \$98,595,000 is reported in the government-wide Statement of Net Position with \$80,695,000 for the Town and \$17,900,000 for the component units. See Note 7 for more details.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Short-term Debt (continued)

These short-term notes are summarized by purpose as follows:

	Balance 1/1/19	Issued	Redeemed	Balance 12/31/19
<b>Primary Government:</b>				
Capital Projects Fund:				
General Fund - Townwide	\$ 10,573,825	\$161,945	\$ 9,857,120	\$ 878,650
Highway Fund	3,153,130		2,819,438	333,692
Garbage Collection Districts	2,578,729		2,261,841	316,888
Solid Waste Disposal District	517,505		452,187	65,318
Town Outside Village Fund		37,875		37,875
Park Districts	2,572,177	180	2,417,046	155,311
Lighting District	1,254,634		1,207,368	47,266
Public Parking District	9,375,000		8,870,000	505,000
Total Capital Projects Fund	30,025,000	200,000	27,885,000	2,340,000
Total Primary Government	30,025,000	200,000	27,885,000	2,340,000
<b>Component Units:</b>				
Massapequa Water District	2,000,000		1,970,000	30,000
So. Farmingdale Water District	1,515,000		1,495,000	20,000
Bethpage Water District	5,000,000		4,950,000	50,000
Total Component Units	8,515,000		8,415,000	100,000
Total Bond Anticipation Notes	\$ 38,540,000	\$ 200,000	\$ 36,300,000	\$ 2,440,000

A summary of these bond anticipation notes long-term by purpose is as follows:

	Balance 1/1/19	Issued	Redeemed	Balance 12/31/19
<b>Primary Government:</b>				
Capital Projects Fund:				
General Fund - Townwide		\$ 22,807,655		\$ 22,807,655
Highway Fund		25,117,759		25,117,759
Garbage Collection Districts		4,928,729		4,928,729
Solid Waste Disposal District		1,490,539		1,490,539
Town Outside Village Fund		154,500		154,500
Drainage District		70,773		70,773
Park Districts		3,934,180		3,934,180
Lighting District		1,839,011		1,839,011
Public Parking District		20,351,854		20,351,854
Total Capital Projects Fund	\$ -0-	80,695,000	\$ -0-	80,695,000
Total Primary Government	-0-	80,695,000	-0-	80,695,000
<b>Component Units:</b>				
Massapequa Water District		1,970,000		1,970,000
Jericho Water District		7,485,000		7,485,000
So. Farmingdale Water District		1,495,000		1,495,000
Bethpage Water District		6,950,000		6,950,000
	-0-	17,900,000	-0-	17,900,000
Total Bond Anticipation Notes Long-Term	\$ -0-	\$ 98,595,000	\$ -0-	\$ 98,595,000



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Short-term Debt (continued)

**Revenue Anticipation Notes (RANs)** – These notes would be issued as a temporary means of financing a cash flow shortfall in the General Fund. There were no RANs issued or outstanding in 2019.

**Tax Anticipation Notes (TANs)** – The notes were issued as a temporary means of financing a cash flow shortfall for 2018 on December 14, 2018 for \$1,000,000 and \$9,000,000 with interest rates of 2.50% and 3.25%, respectively. The TANs were redeemed on February 15, 2019 from ad valorem taxes.

	Balance 1/1/19	Issued	Redeemed	Balance 12/31/19
<b>Primary Government:</b>				
General Fund	\$ 10,000,000	\$ -0-	\$ 10,000,000	\$ -0-

Long-term Debt

Summary of changes in long-term debt transactions for the year ended December 31, 2019 is as follows:

	Balance 1/1/19	Increases	Reductions	Balance 12/31/19	Non-current liabilities due within one year	Non-current liabilities
<b>Primary Government:</b>						
General obligation bonds payable	\$ 585,468,018	\$ 919,090	\$ 65,893,128	\$ 520,493,980	\$ 67,371,354	\$ 453,122,626
Plus premiums on issuance	13,400,104	92,702	1,885,585	11,607,221	1,851,187	9,756,034
Total General Obligation Bonds	598,868,122	1,011,792	67,778,713	532,101,201	69,222,541	462,878,660
Bond anticipation notes long-term		80,695,000		80,695,000		80,695,000
Due to Employees' Retirement System	19,270,580		2,412,233	16,858,347	2,493,446	14,364,901
Compensated absences	22,294,782	2,017,447	1,224,343	23,087,886	1,154,394	21,933,492
Claims and judgments payable	21,633,752	10,388,964	5,899,741	26,122,975	5,505,110	20,617,865
Other litigation payable	196,000			196,000	196,000	
Estimated liability for landfill closure and post-closure care costs	2,700,000		300,000	2,400,000	300,000	2,100,000
Capital lease payable	100,540		22,343	78,197	22,342	55,855
Other postemployment benefits payable	475,215,153	24,357,957	12,020,247	487,552,863		487,552,863
LOSAP liability - proportionate share	6,181,258	1,536,056	164,989	7,552,325		7,552,325
Net pension liability - proportionate share	10,340,898	12,956,593	3,522,575	19,774,916		19,774,916
Total Non-Current Liabilities	\$1,156,801,085	\$ 132,963,809	\$ 93,345,184	\$1,196,419,710	\$ 78,893,833	\$1,117,525,877

	Balance 1/1/19	Increases	Reductions	Balance 12/31/19	Non-current liabilities due within one year	Non-current liabilities
<b>Component Units:</b>						
General obligation bonds payable	\$ 86,872,351	\$ 1,165,910	\$ 7,242,241	\$ 80,796,020	\$ 6,218,466	\$ 74,577,554
Plus premiums on issuance	571,814		26,196	545,618	26,196	519,422
Total General Obligation Bonds	87,444,165	1,165,910	7,268,437	81,341,638	6,244,662	75,096,976
Bond anticipation notes long-term	-0-	17,900,000		17,900,000		17,900,000
Compensated absences	4,221,718	751,860	439,122	4,534,456	608,357	3,926,099
Other postemployment benefits payable	71,129,979	12,633,122	8,639,249	75,123,852		75,123,852
Net pension liability - proportionate share	1,419,205	2,854,873	1,253,533	3,020,545		3,020,545
Other debt	23,449,509		1,255,662	22,193,847	1,160,662	21,033,185
Total Non-Current Liabilities	\$ 187,664,576	\$ 35,305,765	\$ 18,856,003	\$ 204,114,338	\$ 8,013,681	\$ 196,100,657

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Long-term Debt (continued)

**General Obligation Bonds** - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are backed by the full faith and credit of the Town, bear interest at various rates from 2.0 % to 6.0% and have maturity dates in 2020 through 2043. The original amount borrowed for debt currently outstanding was \$880,057,927.

A summary of these bonds by purpose is as follows:

	Balance 1/1/19	Issued	Redeemed	Balance 12/31/19
<b>Primary Government:</b>				
General Fund	\$ 240,611,289		\$ 25,132,978	\$ 215,478,311
Highway Fund	212,583,634		21,902,058	190,681,576
Garbage Collection Districts	30,265,312		6,294,473	23,970,839
Solid Waste Disposal District	22,575,685		3,358,815	19,216,870
Town Outside Village Fund	3,209,994		355,400	2,854,594
Drainage District	1,430,414		447,440	982,974
Park Districts	32,375,196	\$ 723,990	4,184,173	28,915,013
Lighting District	2,804,196		369,025	2,435,171
Public Parking District	39,612,298	195,100	3,848,766	35,958,632
Total Primary Government	585,468,018	919,090	65,893,128	520,493,980
<b>Component Units:</b>				
Massapequa Water District	3,402,907		318,066	3,084,841
Plainview Water District	13,942,633		1,164,443	12,778,190
Locust Valley Water District	11,012,000		638,000	10,374,000
Oyster Bay Water District	4,302,859		432,387	3,870,472
Jericho Water District	13,224,000		756,000	12,468,000
So. Farmingdale Water District	16,773,900	1,165,910	2,295,824	15,643,986
Bethpage Water District	22,531,562		1,287,562	21,244,000
Oyster Bay Sewer District	1,682,490		349,959	1,332,531
Total Component Units	86,872,351	1,165,910	7,242,241	80,796,020
Total General Obligation Bonds	\$ 672,340,369	\$ 2,085,000	\$ 73,135,369	\$ 601,290,000

Future principal and interest payments to maturity for the primary government is as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2020	\$ 67,371,534	\$ 18,358,133	\$ 85,729,667
2021	55,844,614	16,089,769	71,934,383
2022	49,898,009	14,107,313	64,005,322
2023	48,815,722	12,188,203	61,003,925
2024	50,725,420	10,351,760	61,077,180
2025 - 2029	186,348,681	26,803,220	213,151,901
2030 - 2034	60,310,000	4,281,452	64,591,452
2035 - 2039	625,000	103,121	728,121
2040 - 2044	555,000	26,812	581,812
Totals	\$ 520,493,980	\$ 102,309,783	\$ 622,803,763



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Long-term Debt (continued)

**General Obligation Bonds (continued)**

Future principal and interest payments to maturity for the component units is as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2020	\$ 6,218,466	\$ 2,748,464	\$ 8,966,930
2021	6,280,386	2,537,312	8,817,698
2022	6,486,991	2,321,048	8,808,039
2023	6,529,278	2,099,585	8,628,863
2024	6,754,580	1,876,486	8,631,066
2025 - 2029	31,666,319	5,965,353	37,631,672
2030 - 2034	16,860,000	1,167,180	18,027,180
Totals	<u>\$ 80,796,020</u>	<u>\$ 18,715,428</u>	<u>\$ 99,511,448</u>

**Current Refunding of Bonds**

On August 20, 2019, the Town issued \$2,085,000 in Public Improvement Refunding Bonds for the Town and its component units with interest rates ranging from 2.0% to 4.0% and annual maturities through February 2028. Of the \$2,085,000 issued, \$919,090 was for the refunding of general Town debt and \$1,165,910 was for the refunding of component unit debt.

The net proceeds of \$2,193,700 (the par amount of the bonds plus a premium of \$210,303 less underwriter's fees, insurance and other issuance costs of \$101,603) were used to current refund \$2,185,000 of outstanding 2009 Series A Public Improvement Refunding Serial Bonds, with interest rates of 4.0% - 4.5%. Of the net proceeds, \$967,005 was related to general Town purposes and \$1,226,695 was related to component units.

The net proceeds were used to pay \$2,185,000 of outstanding principal and \$8,700 of accrued interest. As a result, the refunded bonds are considered defeased, and the related liability for the bonds has been removed from the governmental liabilities portion of the Statement of Net Position.

The current refunding was done in order to reduce debt payments in the short-term. The refunding decreased total debt service payments by \$160,421, of which \$70,727 related to the Town and \$89,694 related to component units. The overall transaction resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$150,498 of which \$66,340 related to the Town and \$84,158 related to component units.

**Capital Lease Obligations**

In 2018, the Town entered into a capital lease agreement to finance the acquisition of two digital presses and related equipment. The amount financed was \$111,711 and is to be repaid by the General Fund over 60 months, with monthly payments of \$1,862. The lease has an interest rate of 0%.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

**Capital Lease Obligations (continued)**

The equipment and related accumulated depreciation under capital lease is as follows:

Equipment	\$ 111,711
Less: accumulated depreciation	<u>11,059</u>
Net Value	<u>\$ 100,652</u>

Future principal payments to maturity are as follows:

	<u>Principal</u>
For years ending December 31, 2020	\$ 22,342
2021	22,342
2022	22,342
2023	<u>11,171</u>
Totals	<u>\$ 78,197</u>

**Other Long-Term Liabilities** - Liabilities for claims and judgments payable and landfill closure and post-closure care costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for due to Employees' Retirement System, compensated absences, other litigation payable, retirement incentive payable, other postemployment benefits payable, length of service award program liability – proportionate share, and net pension liability-proportionate share are liquidated through future budgetary appropriations in the funds that gave rise to the liability.

Nonmajor Component Unit Debt

One of the Town's nonmajor component units has issued serial bonds not guaranteed by the Town to finance improvements to that district. The outstanding serial bonds of \$22,193,847, inclusive of premiums have been included under the caption "Other debt" because the Town does not bear any responsibility with respect to this debt in its repayment.

**E. Retirement System**

Plan Description

The Town of Oyster Bay participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term.

The external advisory committees appointed by the Comptroller meet periodically throughout the year and provide independent, expert assistance in guiding the Fund. These committees include: the Advisory Council for the Retirement System; the Investment Advisory Committee; the Real Estate Advisory Committee; the Actuarial Advisory Committee and the Audit Advisory Committee.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Plan Description (continued)

System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. In the Fund statements, GLIP amounts are apportioned to and included in ERS. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Obligation of employers and employees to contribute and benefits to employees are governed by the RSSL. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

*Tier 3, 4 and 5 (continued)*

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4, and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63 for System members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

*Disability Retirement Benefits*

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for ten years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller shall certify annually the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31.

The actual contribution was \$12,084,434.

Retirement Amortizations and Incentives

Pursuant to Chapter 57 of the Laws of 2010, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 10 years. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, the Town will be required to pay additional moneys into a specific reserve fund which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. The Town's total deferred amount related to the 2011 fiscal year was \$3,703,672 and will be billed and paid over ten years beginning in 2013 and will include interest at 3.75%. During 2019, the Town paid \$389,215 toward this program and has a remaining liability at December 31, 2019 of \$1,257,429.

Pursuant to Chapter 57 of the Laws of 2010, the Town's total deferred amount related to the 2012 fiscal year was \$6,895,103 and will be billed and paid over ten years beginning in 2014 and will include interest at 3.00%. During 2019, the Town paid \$697,261 toward this program and has a remaining liability at December 31, 2019 of \$3,004,592.

Pursuant to Chapter 57 of the Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 12 years. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. The Town's total deferred amount related to the 2013 fiscal year was \$6,157,543 and will be billed and paid over twelve years beginning in 2015 and will include interest at 3.76%. During 2019, the Town paid \$481,572 toward this program and has a remaining liability at December 31, 2019 of \$3,917,980.

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2014 fiscal year was \$4,525,561 and will be billed and paid over twelve years beginning in 2016 and will include interest at 3.50%. During 2019, the Town paid \$343,623 toward this program and has a remaining liability at December 31, 2019 of \$3,219,231.

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2015 fiscal year was \$4,773,406 and will be billed and paid over twelve years beginning in 2017 and will include interest at 3.31%. During 2019, the Town paid \$352,702 toward this program and has a remaining liability at December 31, 2019 of \$3,748,838.

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2016 fiscal year was \$2,002,208 and will be billed and paid over twelve years beginning in 2018 and will include interest at 2.63%. During 2019, the Town paid \$147,860 toward this program and has a remaining liability at December 31, 2019 of \$1,710,277.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Retirement Amortizations and Incentives (continued)

Future principal and interest payments to maturity for the Chapter 57 amortizations are as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2020	\$ 2,493,446	\$ 566,346	\$ 3,059,792
2021	2,577,421	482,371	3,059,792
2022	2,664,258	395,534	3,059,792
2023	2,303,086	305,741	2,608,827
2024	1,570,716	229,795	1,800,511
2025-2029	5,249,420	387,039	5,636,459
Totals	<u>\$ 16,858,347</u>	<u>\$ 2,366,826</u>	<u>\$ 19,225,173</u>

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2019, the Town reported a liability of \$19,774,916 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected long-term contributions of all participating members.

Below is the Town's proportionate share of the net pension liability of the System and the related employer allocation percentage as of the March 31, 2019 measurement date.

Net Pension Liability	Allocation of the System's Total Net Liability	Change in the Allocation of the System's Total Net Pension Since Prior Measurement Date
\$ 19,774,916	0.2790976%	-0.0413075

There was no significant change in the Town's proportion from March 31, 2018 to March 31, 2019.

For the year ended December 31, 2019, the Town recognized pension expense of \$12,956,593 in the Statement of Activities. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,894,095	\$ 1,327,453
Changes in assumptions	4,970,606	
Net difference between projected and actual investment earnings on pension plan investments		5,075,337
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	2,050,978	2,269,589
Contributions made subsequent to the measurement date	9,125,771	
Total	<u>\$ 20,041,450</u>	<u>\$ 8,672,379</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

Deferred outflows of resources related to pensions resulting from the Town's contribution subsequent to the measurement date in the amount of \$9,125,771 will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For years ending December 31, 2020	\$ 4,355,363
2021	(3,910,003)
2022	(597,341)
2023	2,395,281
	<u>\$ 2,243,300</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Investment rate of return (net of investment expenses)	7.00%
Inflation rate	2.50%
Salary scale	4.20%
Cost of living adjustments	1.30%

Annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies*	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

\* Excludes equity-oriented long-only global funds of \$2.82 billion. For investment management purposes, these funds are included in domestic equity and international equity.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Actuarial Assumptions (continued)

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current assumption:

	One Percent Decrease (6.00%)	Current Assumption (7.00%)	One Percent Increase (8.00%)
Town's proportionate share of the collective net pension liability/(asset)	\$ 86,459,092	\$ 19,774,916	\$ (36,244,521)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers in the System as of March 31, 2019, were as follows:

	(Dollars in thousands)
Employers' total pension liability	\$ 189,803,429
Plan net position	(182,718,124)
Employers' net pension liability	\$ 7,085,305
Ratio of plan net position to the Employers' total pension liability	96.27%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

**F. Fire Protection Length of Service Award Program ("LOSAP")**

The Town jointly sponsors defined benefit length of service award programs ("LOSAP") for the active volunteer firefighters of the Oyster Bay ("Oyster Bay") and Glenwood-Glen Head ("Glenwood") Fire Protection Districts. The programs took effect on July 1, 1991 and April 1, 1990 for Oyster Bay and Glenwood, respectively. The programs were established pursuant to Article 11-A of the New York State General Municipal Law. The programs provide municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is approximately a 55% sponsor of the Oyster Bay program and a 46% sponsor of the Glenwood program for the year ended December 31, 2019. The Town accrued contributions of \$193,138 and \$180,000 during 2019 to the Oyster Bay and Glenwood programs, respectively. Additional Fire Protection Districts had LOSAP programs for which the Town did not participate in material intermunicipal agreements to directly fund those LOSAP plans, which were administered by others. These plans are not included in this report.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Program Description

**Participation, vesting and service credit**

Oyster Bay's active volunteer firefighters who have reached the age of 17 are eligible to participate in the program. Glenwood has no minimum age for eligibility. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62 for Oyster Bay and age 55 for Glenwood, both programs require completion of one year of plan participation. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

**Benefits Provided**

Benefits in the amount of \$20 per month per year of service are paid on behalf of each participant who is credited with a year of firefighting service. The programs guarantee a retirement annuity of 120 monthly payments payable inclusively to the participant and his/her designated beneficiary. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years for Oyster Bay and thirty-seven years for Glenwood. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death benefits which are self-insured and paid from the program trust funds.

The Equal Employment Opportunity Commission (EEOC) settled an age discrimination lawsuit with the Glenwood LOSAP sponsors. Individuals who were granted post-entitled benefits and are not already participants in another class are listed below as post-entitled participants. They will receive the same benefits as retired participants.

Prior to the 1/1/2018 Actuarial Valuation, no post-entitlement benefits were provided under the Glenwood plan. As a result of the Consent Decree, post-entitlement benefits are now provided under the Glenwood plan. The plan sponsors elected to pay the monthly post-entitlement benefits that had been earned prior to 1/1/2018 as they came due ("pay-as-you-go"), rather than to set aside a liability for these benefits in the normal funding of the plan. The full actuarial present value of post-entitlement benefits that are earned after 1/1/2018 will be added to the plan and funded in the normal manner, as is done with all of the post-entitlement benefits in the Oyster Bay plan, but those pre-1/1/2018 post-entitlement benefits in the Glenwood plan will continue to simply be paid by the plan sponsors as they come due.

Participants covered by the benefit terms

	<u>Oyster Bay</u>	<u>Glenwood</u>
Retired participants receiving benefits	11	52
Inactive participants entitled to, but not yet receiving benefits	72	23
Active participants	86	61
Total	<u>169</u>	<u>136</u>



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Fiduciary Investment and Control

Service credit is determined by the sponsoring board, based on certified information from the fire companies having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the sponsoring board. The sponsoring boards have retained and designated Glatfelter VFIS Specialty Benefits to assist in the administration of the Oyster Bay and Glenwood programs. The designated program administrator's functions include calculating the amount to be contributed to the plan at the end of each year based upon the criteria set forth in the Program's Plan Document. Disbursements for the payment of benefits or administrative expenditures must be approved by the sponsoring board and delivered to the custodian through a payment schedule.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenditures of the operation and administration of the program. Any payments under the program shall be made from the general assets of the Sponsors which general assets are subject to the claims of creditors of the Sponsor. As such, the trust assets do not meet the criteria as defined by GASB and, therefore, may not be offset against the LOSAP liability.

Authority to invest program assets is vested in the sponsoring board. Subject to restrictions in the Program Plan Document, program assets are invested in accordance with a statutory "prudent person" rule. The sponsoring board is required to retain an actuary to review and certify the administrator's calculations of the amount of the sponsoring board's contributions to the program. The actuary retained by the sponsoring board for this purpose is JF Actuarial Service Inc. Portions of the following information are derived from reports prepared by the actuary dated August 1, 2019 for Oyster Bay and November 15, 2019 for Glenwood, respectively. The actuary provided additional calculations for the length of service award program liability.

Program Financial Condition

The following represents the Town's proportionate share of program assets as of December 31, 2019 and the changes for the year then ended.

	<u>Oyster Bay</u>	<u>Glenwood</u>
Group annuity contracts	100.00% \$ 2,012,814	100.00% \$ 1,492,531
<b>Prior Service Costs</b>		
There are no prior service costs being amortized.		
<b>Receipts and Disbursements</b>		
Program Net Assets, January 1, 2019	\$ 1,834,578	\$ 1,312,449
Changes during the year:		
Plan contributions	193,138	166,752
Changes in fair market value of investments	99,965	63,637
Plan benefit withdrawals	(114,867)	(50,307)
Program Net Assets, December 31, 2019	<u>\$ 2,012,814</u>	<u>\$ 1,492,531</u>
<b>Contributions</b>		
Amount of Town's required contribution	\$ 176,583	\$ 178,485
Amount of Town's actual contribution	\$ -0-	\$ -0-
<b>Administration Fees</b>		
Actuary	\$ -0-	\$ 471

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Program Liabilities, Program Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program

At December 31, 2019, the Town reported a liability of \$7,552,325 for its proportionate share of the length of service award program liability. The length of service award program liability was measured as of June 30, 2019 and December 31, 2019 for Oyster Bay and Glenwood, respectively, and the total program liability by an actuarial valuation as of July 1, 2018 and January 1, 2019 for Oyster Bay and Glenwood, respectively. The Town's proportion of the length of service award program liability was based on a projection of the Town's share of contributions to the program.

	<u>Oyster Bay</u>	<u>Glenwood</u>
Program Liability - Beginning of year	\$3,766,536	\$ 2,414,722
Service cost	89,792	93,664
Interest	117,009	65,716
Differences between expected and actual expe	(29,941)	(281,512)
Changes in assumptions	378,693	1,053,187
Benefit payments	(114,867)	(50,122)
Expenses	50,205	(757)
Program Liability - End of year	<u>\$4,257,427</u>	<u>\$ 3,294,898</u>

Changes in assumptions reflect a loading increased from 25% to 27% to fund death benefit for Glenwood and the discount rates.

For the year ended December 31, 2019, the Town recognized program expense of \$722,891 in the Statement of Activities. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the program from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Oyster Bay</u>	<u>Glenwood</u>	<u>Oyster Bay</u>	<u>Glenwood</u>
Difference between expected and actual experience		\$ 107,051	\$ 42,921	\$ 211,134
Changes in assumptions	\$ 474,232	1,066,698	257,604	
Contributions made subsequent to the measurement date	193,138			
Total	<u>\$ 667,370</u>	<u>\$ 1,173,749</u>	<u>\$ 300,525</u>	<u>\$ 211,134</u>

Deferred outflows of resources related to the program resulting from the Town's contribution subsequent to the measurement date in the amount of \$193,138 will be recognized as a reduction of the program liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the program will be recognized in program expense as follows:

	<u>Oyster Bay</u>	<u>Glenwood</u>	<u>Total</u>
For years ending December 31, 2020	\$ 13,822	\$ 288,883	\$ 302,705
2021	13,822	288,883	302,705
2022	13,822	288,884	302,706
2023	13,822	95,965	109,787
2024	78,222		78,222
Thereafter	40,197		40,197
	<u>\$ 173,707</u>	<u>\$ 962,615</u>	<u>\$ 1,136,322</u>



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the entry age normal method. The assumed rate of return on investment was determined by using the Fidelity Municipal General Obligation AA 20-year Bond Index as of the measurement dates of the individual programs. Update procedures were used to roll forward the liability from the actuarial valuation date to the measurement date.

The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

	Oyster Bay	Glenwood
Actuarial Valuation Date	July 1, 2018	January 1, 2019
Measurement Date	June 30, 2019	December 31, 2019
Investment rate of return	3.13%*	2.75%*
Salary increases	Not Applicable	Not Applicable
Inflation rate	0.00%	0.00%
Mortality	No pre-retirement mortality; post retirement RP2000 projected to 2030	No pre-retirement mortality; post retirement RP2000 projected to 2030
Turnover	T5	T5
Retirement	First Eligible	First Eligible

\* Percentages are net of pension plan investment expense, including inflation.

Sensitivity of the Proportionate Share of the Program Liability to the Discount Rate Assumption

The following presents the Town's proportionate share of the length of service award program liability calculated using the discount rate of 3.13% and 2.75% for Oyster Bay and Glenwood, respectively, as well as what the Town's proportionate share of the program liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current assumption:

	One Percent Decrease	Current Assumption	One Percent Increase
Oyster Bay			
Discount rates	2.13%	3.13%	4.13%
Net pension liability	\$ 4,557,703	\$ 4,257,427	\$ 3,950,456
Glenwood			
Discount rates	1.75%	2.75%	3.75%
Net pension liability	\$ 3,526,497	\$ 3,294,898	\$ 3,058,110

**G. Deferred Compensation Plan**

The Town participates in the New York State 457(b) deferred compensation plan. All full-time employees are eligible to participate. The Town makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2019 totaled \$5,130,107.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**H. Other Postemployment Benefits (Obligations for Health Insurance)**

In the government-wide financial statements, the cost of other postemployment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future years when it will be paid. The Town recognizes the costs of other postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The Town established and administers a single-employer defined benefit OPEB plan for its employees. Amendments to the plan are authorized by the union contract. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Description

The Town, as a single-employer defined benefit OPEB plan, per its contract with employees, will pay the full premium costs for medical (currently provided by Empire Core Plan plus Enhancement or H.I.P.) insurance coverage at retirement, provided the employee retired after December 31, 1974 and had been employed with the Town for at least five consecutive years and the retiree is at least 55 years of age and is a member of the retirement system under tiers 1 through 4. Tier 5 and 6 retirement system members must have been employed with the Town for at least ten consecutive years and be at least 55 years of age in order to be entitled to medical insurance coverage at retirement. Tier 5 and 6 employees are also required to contribute 15% of their applicable medical insurance premium. The Town will also pay the full premium costs for dental (currently provided by CIGNA Healthcare) and optical (currently provided by CSEA Employee Benefit Fund) insurance coverage at retirement for employees who retired after January 1, 2002 and January 1, 2006, respectively, and meet the requirements to receive medical insurance coverage. This contract will be renegotiated at various times in the future. The retiree is also eligible for full Medicare reimbursement per year, based on enrollment date. Healthcare benefits for non-union employees are similar to those of union employees. Upon death of a retiree who retired between January 1, 2002 and December 31, 2005 the Town will continue health insurance for a period of one year. Upon death of a retiree who retired after January 1, 2006 and before January 1, 2010, the Town will continue health insurance for a period of three years and dental insurance for a period of six months after the death of the retiree for the non-remarried spouse and dependents of the employee. Upon death of a retiree who retired after January 1, 2010, the Town will continue health insurance for a period of five years and dental insurance for a period of six months after the death of the retiree for the non-remarried spouse and dependents of the employee. The Town, as administrator of the plan, does not issue a separate report.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2020, the effective date of the most recent actuarial valuation is as follows.

Active employees	908
Inactive employees or beneficiaries currently receiving benefit payments	1,325
Total	<u>2,233</u>

There have been no significant changes in the number or the type of coverage since that date.

Contributions

The Town pays the cost of medical, dental and optical coverage as those premiums come due each year along with Medicare Part B premiums, on a pay-as-you-go-basis. During the year ended December 31, 2019, the Town paid \$12,020,247 for retiree insurance premiums, inclusive of Medicare Part B premiums.

Total OPEB Liability

The Town's total OPEB liability of \$487,552,863 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with updated procedures used to rollforward the OPEB liability to the measurement date.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**H. Other Postemployment Benefits (Obligations for Health Insurance) (continued)**

Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The total OPEB liability in the January 1, 2019 valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Discount Rate	2.74%
Healthcare Cost Trend Rates	7.0% for pre-65 for 2018, decreasing 1.0% per year to an ultimate rate of 5.0% in 2023 and 5% for post-65
Participant Salary Increases	3.5% annually
Payroll Growth Rate	2.5% annually

The discount rate was based on the December 31, 2019 Bond Buyer's 20 Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected fully generationally using projection scale MP-2019.

The demographic assumptions used for this valuation are based on the New York State Employees' Retirement System ("ERS"). The actuarial assumptions used in the January 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

Changes in Total OPEB Liability

The following table shows the components of the Town's other postemployment benefits liability:

Balance at December 31, 2018	\$ 475,215,153
Changes for the year:	
Service cost	11,087,938
Interest	16,083,299
Difference between actual and expected experience	(98,297,011)
Changes in assumptions and other inputs	95,483,731
Benefit payments	(12,020,247)
Balance at December 31, 2019	<u>\$ 487,552,863</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**H. Other Postemployment Benefits (Obligations for Health Insurance) (continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current rate:

One Percent Decrease (1.74%)	Discount Rate (2.74%)	One Percent Increase (3.74%)
\$ 579,001,499	\$ 487,552,863	\$ 415,675,707

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

One Percent Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 5.00%)	One Percent Increase (8.00% decreasing to 6.00%)
\$ 408,277,844	\$ 487,522,863	\$ 591,498,013

For the year ended December 31, 2019, the Town recognized OPEB expense of \$12,337,710. At December 31, 2019, the Town reported deferred outflows or inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 80,991,199
Changes in assumptions	\$ 78,673,214	34,914,038
Total	\$ 78,673,214	\$ 115,905,237

The amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For years ending December 31, 2020	\$ (9,517,012)
2021	(9,517,012)
2022	(9,517,012)
2023	(8,344,182)
2024	(336,805)
	<u>\$ (37,232,023)</u>

The Town's component units had an ending total OPEB liability of \$75,123,852 as of December 31, 2019.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**I. Compensated Absences**

Town employees are granted vacation, sick and compensatory leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick and compensatory leave subject to certain limitations. Estimated vacation, sick leave and compensatory absences accumulated by employees have been recorded in the Statement of Net Position. Payment of vacation time, sick and compensatory leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2019, the value of the accumulated vacation time and sick leave was \$23,087,886 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$4,534,456.

**J. Tax Abatement Programs**

The Town granted real property tax abatements to promote affordable senior citizen housing within the Town of Oyster Bay. Pursuant to Section 125 of the Private Housing Finance Law of the State of New York, a Town qualified project will be included into its privately financed affordable senior citizen housing tax abatement program. This program provides real property tax abatements of 100% of real property taxes for 25 years on qualified new capital improvements. During the term of the agreements, the benefiting entity must operate and maintain the property consistent with the terms of the agreement. As a general condition of providing tax relief assistance, the benefiting company enters into a payment in lieu of taxes ("PILOT") agreement to offset the taxes abated. In 2019, the agreements the Town ratified in the current and previous years, resulted in an abatement of \$2,670,327 of the Town's real property taxes and the PILOTs received totaled \$405,398.

The Town is also subject to real property tax abatements granted by the Nassau County Industrial Development Agency ("NCIDA"), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and an industry base to prevent unemployment. At December 31, 2016, only the real property tax abatement program offered by NCIDA impacts the Town's revenues. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. In 2019, the agreements the NCIDA ratified in the current and previous years, resulted in an abatement of \$5,444,577 of the Town's real property taxes and the receipt of \$3,299,271 in PILOT payments.

The Town is also subject to real property tax abatements granted by Nassau County ("County"). The County approved specific abatements to provide for electric generation facilities within the Town. The two agreements provide PILOT payments through 2026 and 2028, which are subject to change based on the CPI and assessment adjustments. During the year ended December 31, 2019, the agreements resulted in an abatement of \$1,554,771 of the Town's real property tax and the receipt of \$400,365 in PILOT payments.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES**

**A. Risk Management**

In common with other municipalities, the Town receives numerous notices of claims. The Town is self-insured for the first \$1,000,000 per occurrence and carries excess liability insurance coverage of \$10,000,000 per occurrence with a \$10,000,000 annual aggregate.

The Town is self-insured for property protection on the first \$50,000, including earthquake and flood, except for wind and hail which are self-insured for 1% of the total insurable value per location of loss arising out of a named storm with a minimum of \$100,000 per loss and \$100,000 for all other wind and hail. The flood deductible is \$50,000, except maximum available National Flood Insurance Program coverage plus \$250,000 for special flood hazard zones B and zones X shaded and \$500,000 for zone A and V unshaded. The Town has insurance protection coverage of up to \$100,000,000 for any one loss and annual aggregate, except for flood and earthquake, which have limits of \$5,000,000 for any one loss and annual aggregate and \$10,000,000 for any one loss and annual aggregate, respectively. Flood coverage for FEMA special flood hazard zones is provided in the aggregate of \$5,000,000.

The Town is self-insured for workers' compensation insurance and disability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The actuarially determined workers' compensation liability is reported without a discount when it is probable that a loss has occurred and that the amount of that loss can be reasonably estimated. The result of the process is not an exact amount as it depends on many complex factors such as inflation. The estimate of the claims liability includes amounts for incremental claim adjustments which include attorney, consulting and other fees. The Town is also self-insured for unemployment benefits paid.

The Town's workers compensation liability is based on an actuarial analysis and the Town's general liability reserves are estimated based on consultations with legal counsel and past experience with similar claims. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims.

Although the eventual outcome of these claims for workers' compensation and general liability cannot presently be determined, the Town has estimated unsettled claims and litigation to be \$26,122,975, which is included in the claims and judgments payable liability in the government-wide financial statements. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

There were no settlements in excess of insurance coverage over the last three years.

The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general liability and includes an estimate of claims that have been incurred but not yet reported.

	Workers' Compensation		General Liability	
	2019	2018	2019	2018
Unpaid claims and claim adjustment expenditures at the beginning of year	\$ 17,875,353	\$ 19,587,730	\$ 3,758,399	\$ 3,436,183
Incurred claims and claim adjustment expenditures:				
Provision for insured events of the current year and increases in the provision for insured events of prior years	8,487,186	3,128,718	1,901,778	1,472,193
Total incurred claims and claim adjustment expenditures	8,487,186	3,128,718	1,901,778	1,472,193
Payments:				
Claim expenditures attributable to insured events of the current and prior years	5,206,649	4,841,095	693,092	1,149,977
Total payments	5,206,649	4,841,095	693,092	1,149,977
Total unpaid claims and claim adjustment expenditures at the end of the year	\$21,155,890	\$17,875,353	\$ 4,967,085	\$ 3,758,399



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. Property Condemnation and Environmental Issues**

Liberty Industrial Site, Farmingdale, New York

The Town has acquired title to approximately 14 acres in Farmingdale (Liberty Industrial Site) through a condemnation proceeding. The United States Environmental Protection Agency (EPA) has conducted remediation of environmentally hazardous substances at the subject property. The Town plans to eventually convert property into a public park. In May 2007, under the EPA's jurisdiction, a group made up of prior owners of the property commenced the soil remediation process at the site, which was completed in 2009. The Town has paid the EPA for the remediation and paid the former property owners \$3,300,000 as the initial payment on the condemnation. However, additional payments may be required to the former property owners and/or EPA contingent upon the value/purchase price of the property. The Town and the former property owners proceeded to trial on the valuation of the property to determine if additional payments to the former property owners would be required. On June 30, 2016, the New York State Supreme Court, Nassau County determined the value of the property to be approximately \$31,300,000, which is inclusive of interest and other costs. The Town has been ordered to make an additional payment to the former property owners to reflect this value. The Town disagreed with the Court's decision and filed a Notice of Appeal on August 1, 2016.

On December 13, 2017, the Appellate Division, Second Department vacated the trial court's approximate \$31,300,000 determination and remitted the matter back to the trial court in order to determine, based upon the evidence offered by the Town, the fair market value of the property with a highest and best use of light industrial development, considering such adjustments as the evidence will support, and whether the property sustained any consequential damages when its proposed highest and best use was industrial. By Order dated April 18, 2018, the trial court requested that the parties submit "Findings of Fact and Conclusions of Law" in accordance with the Appellate Division decision. By Order dated December 17, 2018, the trial court adopted the Findings of the claimant and awarded \$9,732,498, to which \$11,640,000 must be added to account for 6% interest from September 2003. Although the later decision reduced the original award, the Town believes that the lower court exceeded its discretion in making such an award, including allowing claimant to submit findings and conclusions, in the Town's opinion, outside of the direction of the appellate court. The Town plans to appeal once it is served with the Judgment with notice of entry.

The Town has also acquired title to a second parcel of land of approximately 7.5 acres abutting the 14 acres, discussed above. The Town has made a payment of \$4,500,000 to the former owners. The ultimate value of the parcel will be subject to determination at trial, however, it is uncertain what amounts of additional payments will be required by the Town.

The Town has recorded additional accounts payable in the amount of \$3,300,000 in the government-wide financial statements for the property condemnation and environmental issues discussed above.

Bethpage Community Park

On December 5, 2016, the Town was served with a summons and complaint by a group of residents purporting to act as class representatives in a personal injury action filed in Federal court arising out of activities by Grumman Aerospace Corporation and its successors in interest, Northrop Grumman Corporation (collectively, "Grumman") in the Bethpage area over a nearly 60-year period. These plaintiffs allege, in substance, that Grumman's discharge of chemicals used in its manufacturing of aircraft, weapons, and spacecraft contaminated the ground and groundwater aquifer and, relatedly, the plaintiffs' properties, thereby leading to personal injuries. The plaintiffs allege four causes of action sounding in negligence, strict liability (against Grumman, only), trespass, and nuisance, and, for each cause of action, allege damages in excess of \$100 million. The plaintiffs also request punitive damages in an unspecified amount. At this early stage of the litigation, there has been no discovery to assess the validity of the damages allegations.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. Property Condemnation and Environmental Issues**

Bethpage Community Park (continued)

Inclusion of the Town as a defendant in the subject action is related to the Town's current ownership of 18 acres of land which had previously been part of a more than 600 acre complex used in Grumman's manufacturing operations before this parcel was conveyed to the Town in 1962 and subsequently developed as Bethpage Community Park (the "Park"). There is no accusation that the Town engaged in improper handling or disposal of hazardous chemicals which caused the plaintiffs' alleged injuries.

The site history for the Park is relevant. As indicated above, this parcel was owned by Grumman prior to 1962 and was used for the disposal of industrial wastes, starting at some time after Grumman commenced manufacturing in Bethpage in the 1940s. The Park was opened to the public in 1965.

In 2002, the Park was closed in response to testing performed by Grumman. This testing showed elevated levels of certain contaminants, especially PCBs, which were disposed by Grumman on the site. Although subsequent evaluation allowed the Town to reopen the Park, except for the baseball field area in the southwest corner of the Park which contains particularly high PCB levels, residual contamination remained below the ground surface.

In 2005, the Town entered into a voluntary agreement (the "DEC Agreement") with the New York State Department of Environmental Conservation ("NYSDEC") to allow the Town to proceed with remediation in the northern portion of the Park, for the purpose of allowing the redevelopment of this area with a new ice skating center. This action was necessitated when it became clear that Grumman would not proceed in the foreseeable future with the cleanup it was obligated to perform, and the Town was not willing to let the capital improvement project be delayed indefinitely. The Town's remediation work, completed in 2007, involved the excavation and removal of approximately 173,000 tons of soil. In the interest of ensuring the maximum protection of public health and safety, the cleanup performed by the Town, as approved by NYSDEC, exceeded the minimum which NYSDEC might otherwise have been willing to approve. The new ice skating center was completed in 2008.

The plaintiffs have commenced the action against the Town on the basis that the Town is the owner of a certain tract of land that was donated to the Town by Grumman in or about 1962. It is alleged by the plaintiffs that a smaller portion of that land was used by Grumman as "settling ponds" to discharge and dispose the manufacturing chemicals. The plaintiffs do not allege that the Town was, in any way, engaged in the discharge or disposal of such chemicals. The Town has acted to reduce the Grumman contamination by completing major remediation in the Park. Accordingly, even if the plaintiffs in this case are able to establish that they have suffered injuries attributable to contamination from the Grumman site, which of itself is by no means certain, there does not appear to be any reasonable likelihood that the facts of this matter would justify a significant judgment against the Town.

It is the Town's position that Grumman is, in any case, the party which would be ultimately liable for any proven harms to the plaintiffs.

On February 14, 2017, the plaintiffs initiated a proceeding in the New York State Supreme Court, Nassau County, seeking leave of the Court to file late notices of claim against the Town, which filings are a statutory condition precedent to the commencement of tort litigation against the Town. After fully briefing the issues, the Supreme Court denied, without prejudice, the petitioners' application because the Court was unable to determine, based upon the allegations contained in the petition, whether the petitioners' claims were timely.

Since 2017, the Town has received several additional notices of claim from claimants who appear to be making an effort to join the purported class action. Statutory examinations of each claimant are ongoing.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. Property Condemnation and Environmental Issues**

Bethpage Community Park (continued)

In a related matter, the Town is pursuing litigation against Grumman for reimbursement of certain remediation expenses of the Town incurred in the performance of its obligations under the DEC Agreement. The court, however, granted Grumman summary judgement, dismissing the Town's claims. Grumman's counterclaim against the Town is pending; Grumman alleges the Town contributed to the contamination of the site and seeks a contribution by the Town toward the cost of remediation. Outside counsel to the Town has assessed that the Town can be found up to 30% contributorily liable on the theory that the Town has knowledge of the environmental hazards. The aggregate cost of the remediation for which contribution is being sought is unknown but has been estimated to be as high as \$80 million. Since the federal court does not permit an interlocutory appeal in this instance, the Town must wait on its appeal of the summary judgment decision until the matter is final, when the trial on the counterclaims are adjudicated.

At the request of the parties (the Town and Grumman), the court has allowed for a lengthy adjournment of the trial so that settlement may be explored. The Town and Grumman, with input from NYSDEC, have discussed the potential of a discontinuance of all claims, a less costly clean-up and either no contribution by the Town or a reduced fixed payment by the Town in furtherance of the remediation.

**C. Litigation**

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town beyond those already recorded.

Town Concessionaire Litigation

The Town is a party to litigation and is aware of the potential for additional litigation regarding certain purported amendments to agreements with a former Town concessionaire. On September 8, 2015, the United States Attorney for the Eastern District of New York indicted the former Town concessionaire on criminal charges alleging, according to the indictment, that the former Town concessionaire provided payments and other things of value to a Town employee in exchange for assistance in obtaining bank loans guaranteed by the Town totaling approximately \$20,000,000. The Nassau County District Attorney, on August 25, 2015, requested information from the Town concerning these allegations as well as certain of the Town's public disclosures including official statements from outstanding bond and note issues. The Town provided documents to the Nassau County District Attorney in response to these inquiries. The Town has cooperated and is cooperating with all law enforcement inquiries regarding these allegations.

The Town was named as defendant in three lawsuits in New York arising from certain purported amendments to agreements with the former Town concessionaire. The first lawsuit was filed in January 2016 and the other two were filed in July 2016. In each of the lawsuits against the Town, a lender to the former Town concessionaire has brought suit against the Town seeking to enforce one of the purported amendments and contending that it requires the Town to reimburse the lender for unpaid amounts on its loan following default by the concessionaire. The total amount of damages sought by the three lenders across all three lawsuits is approximately \$18,000,000.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Town Concessionaire Litigation (continued)

Two of the lawsuits have been dismissed by appellate courts. In the first such lawsuit, on July 9, 2019, the United States Court of Appeals for the Second Circuit affirmed the United States District Court's dismissal of the lender's claims against the Town, agreeing with the Town's position that the purported amendment at issue in that case was unenforceable because it had not been approved by the Town Board. In the second such lawsuit, on September 18, 2019, the New York Supreme Court Appellate Division for the Second Department reversed a decision by the trial court and found that the amendment at issue in that case was unenforceable for similar reasons to those described by the Second Circuit in its decision. In the third lawsuit, the Town has appealed a decision by the trial court denying the Town's motion to dismiss; oral argument on the appeal was heard by the Second Department on January 24, 2020. Pending the decision in that appeal, the third action is proceeding through discovery.

Separately, on June 26, 2017, the Town filed a lawsuit asserting damage claims against the Town concessionaire, a former Deputy Town Attorney, two lenders that were beneficiaries of the purported guarantees, and a law firm that purported to represent the Town in connection with certain of the purported amendments. On January 28, 2020, the New York Supreme Court upheld all of the Town's claims against motions to dismiss brought by the lenders and the law firm. On February 6, 2020, the Town filed a motion for default judgments against the Town concessionaire and deputy Town attorney. On February 14, 2020, the law firm filed a counterclaim against the Town seeking contribution from the Town for any judgment rendered against the law firm in connection with the purported amendments, including in connection with a separate lawsuit brought against the law firm in August 2016 by the concessionaire's lenders in Connecticut state court, in which they seek to hold the law firm liable for its issuance of legal opinions that certain of the purported amendments were enforceable. By letter dated February 18, 2020, the law firm also demanded that the Town indemnify and hold the law firm harmless from any and all claims asserted against it and its partner by the concessionaire's lenders, including in the Connecticut state court action. In an Amended Answer dated May 14, 2020, the law firm asserted counterclaims for contribution and indemnity. The Town plans to move to dismiss those counterclaims.

The Office of the Town Attorney cannot predict the outcome of the pending litigations, indemnification claim, or appeal described above, or whether any additional litigation against the Town or its officers or officials will be initiated. However, in the event that there is a judgment entered against the Town for money damages, the Local Finance Law permits the Town to issue bonds or notes to fund such judgment.

Unrelated to the unauthorized amendments that are the subject of litigation described above, a prior amendment to the Golf Course/The Woodlands Catering Hall Agreement included certain provisions for payment of a \$2,000,000 termination fee by the Town that the concessionaire may claim was triggered by its termination in September 2016. While the Town would expect to contest any claim by the concessionaire for a termination fee, it cannot predict the outcome of any such dispute.

The former Town Attorney, Leonard Genova, was also named as a defendant in the Connecticut state court lawsuit described above. The lawsuit against Mr. Genova was brought by two of the lenders and asserted claims against Mr. Genova, a former Deputy Town Attorney, and other lawyers, arising from the same amendments. The claims against Mr. Genova and the former Deputy Town Attorney were dismissed for lack of personal jurisdiction by order of the Court dated November 22, 2016. Mr. Genova resigned from his role as Town Attorney as of January 9, 2017.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**C. Litigation** (continued)

Town Concessionaire Litigation (continued)

On October 18, 2016, the Town's former Supervisor, John Venditto, was charged by a grand jury in the United States District Court for the Eastern District of New York with solicitation and receipt of bribes in exchange for official action in connection with the former Town concessionaire referred to above, honest service wire fraud and obstruction of justice. The indictment was superseded on November 21, 2017, as described in "SEC Complaint" above. Mr. Venditto resigned from his role as Town Supervisor on January 4, 2017. Trial commenced on March 14, 2018. During the trial, former Town Attorney Leonard Genova testified, among other things, that numerous Town officials accepted bribes from the former Town concessionaire, including both he and Mr. Venditto, who accepted free car rides and meals among other things, in exchange for causing the Town to enter into certain agreements, including the purported amendments described above, that provided for so-called "indirect loan guarantees" for the benefit of the concessionaire. After an eleven-week trial, Mr. Venditto was acquitted of all charges on May 24, 2018.

On June 29, 2017, the Nassau County District Attorney's Office charged former Supervisor Venditto with conspiracy and corrupt use of position or authority, and the former Town Commissioner of Parks and the former Commissioner of Planning and Development with official misconduct in connection with an alleged illegal hiring and firing of a Town employee. In a separate indictment that was unsealed on the same day, former Supervisor Venditto, together with others, were indicted in connection with, among other things, the failure to disclose a financial interest of a Town official in a real estate development deal relating to property located in Hicksville, New York. According to public reporting, on July 27, 2019, Mr. Venditto plead guilty to a felony charge of corrupt use of position or authority and a misdemeanor charge of official misconduct. Separately, on September 12, 2019, it was reported that the former Town Commissioner of Parks was found not guilty of the charge brought against him.

On August 22, 2018, the Town filed suit against former Town Attorney Genova alleging faithless servant, breach of fiduciary duty, and other claims premised on Mr. Genova's admissions on the stand during the Venditto trial. Mr. Genova filed a motion to dismiss the Town's claims on November 7, 2018. The Town's opposition to that motion has been served, and the motion was fully submitted for decision on April 5, 2019. The Office of the Town Attorney cannot predict the outcome of that motion. On June 6, Genova filed a motion to disqualify the Town's outside counsel. Mr. Genova's motion was denied by Order dated July 30, 2019. Discovery is ongoing.

Securities and Exchange Commission Civil Complaint

On November 21, 2017, the SEC filed a civil complaint against the Town and former Town Supervisor, John Venditto, alleging violations of various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the rules promulgated thereunder. In the complaint, the SEC alleged that the Town's disclosures, made in connection with various note and bond sales dating between June 2010 through December 2015, omitted information regarding certain agreements with a former Town concessionaire to operate concessions at certain Town facilities and that such omission was material to investors.

In addition, the complaint alleged that between December 2015 and December 2016, the Town misstated and misrepresented the circumstances surrounding the purported amendments by stating that the purported amendments were entered into without the involvement or knowledge of senior Town officials (i.e., the former Town Attorney and former Town Supervisor). In the complaint, the SEC requested various forms of relief, including, without limitation, an unspecified monetary penalty, injunctive relief, the appointment of an independent consultant to recommend improvements to the Town's financial reporting procedures and controls and municipal security disclosure procedures, and a prohibition on the sale of securities by the Town unless the Town implements the recommendations of the independent consultant.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Securities and Exchange Commission Civil Complaint (continued)

The SEC case was stayed before the Town could file an Answer because of the criminal cases against former Supervisor Venditto and Nassau County Executive Edward Mangano and his wife, Linda Mangano, in the United States District Court, Eastern District of New York. A superseding indictment against Mr. Venditto, filed on November 21, 2017, had included criminal charges based upon the same alleged disclosure violations as set forth in the SEC complaint against the Town. During an 11-week trial which commenced on March 14, 2018, former Town Attorney and Deputy Supervisor Leonard Genova testified, among other things, that from 2010 to 2015 the Town's disclosures omitted information regarding so-called "indirect loan guarantees" and that, starting in 2015, the Town's disclosures that the purported amendments were entered into without the involvement of necessary Town officials were false and misleading because, among other reasons, he and former Supervisor Venditto had accepted bribes in exchange for facilitating the purported amendments. Following trial, Mr. Venditto was acquitted on all charges, but the jury was unable to reach a verdict as to the Manganos. The retrial of Mr. and Mrs. Mangano was concluded on March 8, 2019 with a finding of guilty against each of them on certain counts.

On February 26, 2019, the Town Board approved an agreement with the SEC staff to settle the SEC's case against the Town. Pursuant to that agreement, the SEC agreed to dismiss its claims against the Town under Section 17(a)(1) of the Securities Act of 1933 (the "Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Under the agreement, without admitting or denying any of the SEC's allegations, the Town consented to the court entering a final judgment in the case permanently enjoining the Town from violating Sections 17(a)(2) and (3) of the Securities Act and ordering certain undertakings by the Town, including that the Town retain an independent consultant appointed by the Court for a period of three years to review the Town's policies, procedures, and internal controls regarding its disclosures for securities offerings, and to recommend improvements to those policies, procedures, and internal controls with a view to assuring compliance with the Town's disclosure obligations under federal securities laws. The agreement does not impose any monetary penalty on the Town.

On October 24, 2019, the Court approved the proposed settlement and entered a consent judgment reflecting the terms of the settlement agreement reached between the SEC and the Town. On January 27, 2020, the Court appointed Marc-Phillip Ferzan of Ankura as the Independent Consultant pursuant to its final judgment. Pursuant to the settlement, Ankura prepared and filed its First Report on May 26, 2020.

On March 1, 2018, in a separate civil complaint, the SEC charged Mr. Genova, with securities fraud based on allegations similar to those presented in the SEC's complaint against the Town. Mr. Genova has agreed to settle the case.

Finally, in light of Mr. Venditto's death on March 17, 2020, the SEC dismissed its civil claims against Mr. Venditto.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Housing Discrimination Litigation

In April, 2014, the federal government commenced a civil action against the Town and then Town Supervisor John Venditto, alleging that the Town's Next Generation and Golden Age housing programs (collectively, the "Housing Programs") were discriminatory and in violation of, inter alia, the Fair Housing Act inasmuch as the Housing Programs had an alleged disparate impact upon African Americans. The federal government's allegations were and remain based upon statistics only, and, significantly, do not contain any indicia that the Housing Programs were intentionally designed and implemented with a discriminatory intent.

More specifically, according to the complaint, the federal government alleges that the Town's Housing Programs have a discriminatory effect because (1) the Housing Programs gave priority to Town residents and relatives of Town residents and (2) the eligible population in the Town happens to include a smaller percentage of African Americans than the eligible populations of New York City and Nassau and Suffolk Counties. In the Town's response to the complaint, the Town has argued, among other things, that the Fair Housing Act prohibits intentional discrimination, only; that a disparate impact claim based upon statistics alone is legally insufficient; and, that notwithstanding the foregoing points, the Fair Housing Act does not require municipalities to engage in "racial balancing" as the federal government seeks.

The federal government seeks a declaration that the Housing Programs violated the Fair Housing Act, an injunction to enjoin the Town and its employees from engaging in discrimination on the basis of race, orders for the Town to take steps to prevent discriminatory conduct, insignificant civil penalties, and unspecified damages related to the financial position of the Town. The Town has vigorously defended against this action.

A stay was placed on the action pending the resolution of an unrelated court proceeding. That stay which was in effect for most of 2019 was lifted, and in 2020 the United States District Court Magistrate Judge has had conferences with the parties in an attempt to settle the matter.

In a related matter, on December 17, 2015, the State, through its Division of Human Rights brought a similar lawsuit under the New York State Human Rights Law in Nassau County Supreme Court. The complaint makes almost identical statistically based allegations of discrimination as those set forth in the federal government's action. The Town has made a motion to dismiss which was denied by the Court. The Town's appeal of the decision is pending.

In the event the federal action can be settled, the United States District Court Magistrate Judge indicated that the State matter would be combined and resolved in any settlement.

Hicksville Garage

The Town is currently bringing suit against the contractor and engineering firm involved in the construction of the Hicksville parking garage. The Town alleges that poor construction has led to the need for major repair work. In order to make the repairs, the Town closed the parking garage in the latter part of 2018. The repairs cost approximately \$18,500,000. In order to fund the repairs until such time that the litigation with the contractor and engineering firm is resolved, the Town issued bond anticipation notes for \$8,300,000. In addition, the Town Board authorized additional borrowing of \$10,800,000 in 2019.

Tax Assessment Litigation

This action was served upon the Town on April 27, 2018, and seeks among other forms of relief, that the defendant, which includes the County of Nassau and the Town, make an unspecified refund to the plaintiff, New York American Water Company, Inc., for the plaintiff's alleged overpayment in taxes resulting from the County's erroneous method by which certain property was assessed for taxation purposes.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Tax Assessment Litigation (continued)

Because the County of Nassau is responsible for assessment of properties in Nassau County, the Town believes at this early juncture that the complaint does not state a cause of action against the Town. Several of the defendants have moved to dismiss the plaintiff's complaint. On February 15, 2019, the assigned justice rendered a decision granting, in part, the County of Nassau's motion to dismiss and granting, in full, the North Shore Central School District's motion to dismiss. Based upon the reasoning contained in the justice's decision, the Town made a similar motion to dismiss. The Town cannot, however, predict the outcome of the Town's anticipated motion to dismiss. On May 21, 2019, Justice Jeffrey Brown granted the Town's motion to dismiss in full.

Separately New York American Water served a similar action to challenge Nassau County's 2019 assessments. However, because the Court granted the motions to dismiss in the 2018 action, the parties have agreed to hold the 2019 and 2020 actions in abeyance pending the resolution of any appeals of the 2018 motions to dismiss.

Sanitation Assessment Matters

For several years, there has been litigation involving the assessment of property owned by utilities and telephone carriers by various sanitation districts. In short, the courts found such assessments to be improper, as the infrastructure (i.e., phone lines, gas lines, water pipes, utility poles) of said entities did not generate garbage, and should have therefore been exempt from the related assessments. The Courts have held that the Town was obligated to first compensate the utilities for the amounts paid by them, but that the County of Nassau, pursuant to the "County Guaranty" provision of the Nassau County Administrative Code, must then compensate the Town.

There are two actions pending in Nassau County Supreme Court, *MCImetro v. Town of Oyster Bay, et al.* and *New York American Water v. Town of Oyster Bay, et al.*, wherein the plaintiffs seek, respectively, reimbursement for taxes paid in certain Sanitation and Solid Waste Districts over a period of several years. The exposure on the MCImetro case is approximately \$150,000, and the New York American Water matter is approximately \$25,000.

Once the Town pays the judgment and/or settlement, it can seek payment from the County of Nassau for the same amounts.

The Town has recorded \$196,000 at December 31, 2019 in the government-wide statements as other litigation payable for this liability.

Syosset Mobile Home Park Litigation

On January 4, 2019, the Town was served with a complaint involving civil rights and associated state law claims by the tenants of a former mobile home park located in Syosset, New York. In their complaint, the plaintiffs allege that they were improperly and unlawfully evicted from the mobile home park by a corporation, STP Associates, LLC, with the aid and assistance of the Nassau County Sheriff and Police Department.

According to the complaint, STP Associates, LLC sought to evict the plaintiffs in order to change the use of the premises so that STP Associates, LLC, and its members, could profit. The complaint alleges that former Town Attorney Leonard Genova was a member of STP Associates, LLC and that he "abused his authority as a public official...to wrongfully evict Plaintiffs from their homes".



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Syosset Mobile Home Park Litigation (continued)

The complaint does not allege that the Town of Oyster Bay, as a municipal corporation, took part in either the eviction proceedings that led to the Plaintiffs' evictions from the mobile home park or the actual evictions. While the complaint seeks to assert a municipal liability claim against the Town under 42 USC § 1983, the complaint does not articulate any specific Town actions that led to the Plaintiffs' claimed \$26 million in compensatory damages (the complaint also seeks recovery of punitive damages of \$26 million).

On May 10, 2019, the Town served the Plaintiffs' counsel with a motion to dismiss the complaint. The motion was fully briefed and submitted, and was granted on April 20, 2020.

**D. Intermunicipal Agreements**

The Town is a party to a number of Intermunicipal Agreements as follows:

The Joint Special Improvement District of the Towns of Oyster Bay ("TOB") and Hempstead ("TOH") for the purpose of management and operation by the Department of Parks and Recreation of the TOH. District was created in 1961, to operate the Joint Community Hall and Swimming Pool. The most recent agreement authorized by Town Board resolution expired December 2016; payment was made for TOB's 2017 share, and the estimated proportionate costs for 2018 and 2019 of \$1.5 million have been accrued in the Park Districts Fund.

The Town pays Village/District Company for fire protection for residents of fire protection areas & for certain Town facilities. The costs of these contracts of approximately \$7.4 million are recorded in the Fire Protection Districts Fund. These agreements are typically on calendar year term and include associated costs for various length of service award programs. See Note 3.F for further details.

The Town pays Water District/ Water utility for rental of fire hydrants in various fire protection areas. The costs of these contracts are recorded in the Fire Protection Districts Fund. These agreements are typically on calendar year term and totaled approximately \$400,000 for 2019.

The Town is participating in the New York Rising grant program and is administering the program which includes work for the Village of Massapequa Park and the Massapequa Fire Department. The grant is reported in the Special Grant Fund.

The Town provides access to Town fuel pumps for various local municipalities and the revenue from the sales for the year 2019 was approximately \$260,000 and recorded in the General Fund.

The Town expends their purchase power and lends their work force to local municipalities to cover such additional needs such as salt and sand for roads, street lighting maintenance, harbormaster patrols, registrar of vital statistics and dog warden. The fees for these goods and services are reported in the respective funds where the costs were incurred.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**E. Landfill Closure and Post-Closure Care Costs**

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The Syosset Landfill stopped receiving waste in 1975 and the Old Bethpage Landfill stopped receiving waste in 1986. Based on monitoring by the EPA, post-closure care costs for the Syosset Landfill were estimated to continue until 2033. In 1994, the Old Bethpage Landfill was determined to have to continue post-closure care maintenance and monitoring until 2024. If the EPA determines the landfill to be remediated before the thirty years are complete, the liability for post-closure care costs will be reduced. Likewise, if the EPA determines that additional post-closure care costs are needed, the liability may increase. As of December 31, 2019, the annual monitoring and post-closure care costs are expected to be approximately \$300,000 per year and Town has recorded a liability of \$2,400,000, which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

**F. Federal and State Grants**

The Town has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Town's administration believes disallowances, if any, will be immaterial.

**G. Construction and Other Capital Acquisition Commitments**

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$5,311,557 have been recorded as encumbrances in the Capital Projects Fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds.

**H. Lease Commitments and Leased Assets**

The Town leases additional storage space under an operating lease which commenced in June 2010 and expires in April 2020. The lease amount for the current year is \$39,669 per month. The monthly payment includes a proportionate share of real estate taxes as well as a proportionate share of all common area maintenance charges. Rental expenditures on this lease for the year ended December 31, 2019 totaled \$503,426, which, due to the circumstances discussed below, included late fees and rent expenditures related to a portion of 2018.

Minimum annual commitments under the operating leases described above are as follows:

For year ending December 31, 2020	\$	<u>158,930</u>
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Due to certain circumstances, the Town vacated the premises discussed above in 2017. The landlord, however, brought litigation to collect rent due under the lease agreement which ends April 30, 2020. The Landlord obtained a judgment against the Town for approximately \$220,000 in rental arrears and related costs which represented the period of January 1, 2017 through May 2, 2017. Further litigation was settled in January 2019, with the Town paying \$953,517 and the Town retaking possession of the warehouse facility for the balance of the lease term ending April 30, 2020.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**I. Service Concession Arrangement**

The Town entered into an agreement with Lessing's, Inc. ("Lessing's") to use and operate the Mansion at Oyster Bay (catering facility), Clubhouse Grille (restaurant), and the halfway and breakfast house stands at the Honorable Joseph Colby Town of Oyster Bay Golf Course. The agreement conveys to Lessing's the right, through license to provide future repairs, improvements and modifications to the facilities, related storage buildings and grounds and to operate and maintain those facilities for a period of twenty years unless extended. The Town has the right to approve the type of services Lessing's may provide and the fees that may be charged to the public. Lessing's was required to make an up-front concession fee of \$2,000,000. The Town will recognize revenue from monthly license fees that start at \$42,500 per month and increase annually by 3%. The guaranteed base rent for twenty years is \$13,703,892 of which \$534,493 was recognized in 2019 and \$649,082 of the advance payment is reported as a deferred inflow of resources in the general fund. The present value of the installments to be paid after the upfront payment has been liquidated is \$10,402,250 and have been reported in the Statement of Net Position as a receivable-service concession arrangement and an increase in the deferred inflow of resources-service concession arrangement. The Town is also entitled to a 15% share of operator gross receipts over \$6,000,000 annually, which will be recognized as earned. The Town has made no guarantees or commitments to Lessing's, who assumes all risk in the operation of the facilities.

Lessing's has agreed to provide various capital improvements to the facility. The improvements that increase the capacity or efficiency of the facility will be capitalized by the Town at acquisition value once construction is completed. Title to the facilities and all fixed improvements rests with the Town. Lessing's will return the premises back to the Town in its original condition at the end of the lease, so the Town will not recognize depreciation on the existing assets throughout the term of the agreement.

Should the Town terminate the agreement with Lessing's prior to the end of the original term, Lessing's is entitled to actual certified costs of construction after the contract effective date (June 1, 2017) less 5% for each year or part of a year since completion. Lessing's would also receive the balance of the advanced concession fee and any lost profits on events booked prior to receipt of notice of termination.

**J. Sale of Department of Public Works (DPW) Facility**

On August 27, 2013, the Town and Oyster Bay Realty, LLC entered into a Purchase and Sale Agreement (the "Agreement") for the sale of the real property located at 150 Miller Place, Syosset, New York, also known as the Town's DPW Facility. The purchase price was \$32,500,000, with \$30 million paid to the Town on September 4, 2013 (Installment Date) and the remaining \$2.5 million is to be paid on the Closing Date, which is the date title to the property would transfer. The accounting treatment for this sale is discussed in Note 1.E.

While the prior Town administration entered into the transaction in 2013, the present Town administration believes that the transaction is no longer cost effective since it would cost more to relocate Town buildings and personnel. In 2017, the Town advised the Purchaser that it sought to remain on the property. This, in turn, resulted in the parties engaging in negotiations to reconfigure the development proposed on the property to allow the Town to remain in whole or in part on the property. In light of the negotiations, the Town deferred making any payments for Deferral Fees and Cell Tower Lease revenues.

On March 1, 2019, the Town received a notice of claim from the Purchaser seeking the payment of the Cell Tower Lease rents. On March 25, 2019, the Town received a notice of claim seeking termination of the Agreement based on the Town's nonpayment of both the Deferral Fees and Cell Tower Lease rents. On May 10, 2019, the Purchaser commenced a lawsuit against the Town for breach of contract seeking (i) \$30,000,000 for the amount paid by the Purchaser to the Town for the purchase of the property; (ii) \$680,904.00 for the Deferral Fees to date; and (iii) \$592,482.75 for the Cell Tower Lease rents, plus statutory interest of nine percent per annum calculated from the date of breach.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**J. Sale of Department of Public Works (DPW) Facility (continued)**

On January 28, 2020, the Town Board voted to approve a settlement of \$30,450,000 to be paid to the Purchaser, which effectively canceled the sale of the Town's DPW Facility. On January 31, 2020, the Town paid the Purchaser the full settlement amount, and a stipulation of discontinuance was filed with the Court.

On the same day that the Town Board voted to approve the settlement, they also voted to approve the issuance of \$30,000,000 in bonds to pay for the settlement. Those bonds are expected to be issued in August 2020 and will be paid back over the course of the next 15 years. Serial bonds are considered a revenue as they are a permanent source of financing. The revenue generated by the \$30,000,000 in bonds will largely offset the \$30,450,000 expense incurred via the settlement, leaving only a \$450,000 net negative effect to the overall fund balance.

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**

The following represents condensed financial statements for the discretely presented nonmajor component units as of and for the year ended December 31, 2019:

Condensed Statement of Net Position:

	Current Assets	Due from Primary Government	Capital Assets Net of Depreciation	Deferred Outflows of Resources	Current Liabilities	Due to Primary Government	Other Long-Term Liabilities	Deferred Inflows of Resources	Net Investment in Capital Assets	Restricted	Unrestricted (Deficit)
Massapequa Water District	\$ 5,441,570	\$ 137,737	\$ 18,998,736	\$ 2,079,579	\$ 838,989	\$ 1,080,960	\$ 15,656,222	\$ 3,131,751	\$ 12,832,935	\$ 2,021,124	\$ (8,904,359)
Plainview Water District	12,949,438	159,022	33,638,271	1,742,568	5,734,792	33,160	21,790,825	2,425,699	18,966,708	7,252,437	(7,714,322)
Hicksville Water District	34,916,294	260,364	37,713,657	2,237,901	4,582,152		34,650,019	1,966,862	28,832,863	12,422,749	(7,326,429)
Locust Valley Water District	1,764,588	360,199	14,899,185	664,605	1,319,205		13,391,063	715,661	4,110,547	2,076,927	(3,924,826)
Oyster Bay Water District	1,735,089	257,166	10,959,852	655,347	626,387		7,272,014	677,762	7,305,651	1,067,933	(3,342,293)
Jericho Water District	14,176,589	2,586,311	42,062,199	2,608,904	4,116,891	200,000	33,399,191	2,349,283	22,902,762	5,025,956	(6,560,080)
South Farmingdale Water District	11,449,026	753,467	30,723,386	1,724,552	3,185,367	226,866	24,185,616	2,054,721	12,816,944	4,141,386	(1,960,469)
Bethpage Water District	19,537,824	2,341,428	57,071,984	1,431,084	5,365,384		34,050,076	1,508,304	30,207,576	8,186,924	1,064,056
Syosset Sanitation District	491,722										491,722
Oyster Bay Sewer District	1,026,777	251,069	11,763,968	2,080,505	551,384		11,705,631	2,217,465	10,200,506		(9,552,667)
Glenwood-Glenhead Garbage District	30,460	46			159,205						(128,699)
	<u>\$103,519,377</u>	<u>\$ 7,106,809</u>	<u>\$257,831,238</u>	<u>\$15,225,045</u>	<u>\$ 26,479,756</u>	<u>\$ 1,540,986</u>	<u>\$186,100,657</u>	<u>\$17,047,508</u>	<u>\$ 148,176,492</u>	<u>\$ 42,195,436</u>	<u>\$ (47,858,366)</u>

Condensed Statement of Activities:

	Program			General Revenue			Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue	Property Tax	Other	Change	(As restated) 1/1/19	12/31/19
Massapequa Water District	\$ 5,926,210	\$ 3,672,923		\$ (2,253,287)	\$ 2,027,999	\$ 495,155	\$ 269,867	\$ 5,679,833	\$ 5,949,700
Plainview Water District	6,733,938	4,742,561	\$ 1,206,598	(784,779)	4,601,054	484,253	4,300,528	14,204,295	18,504,823
Hicksville Water District	9,812,541	3,151,082		(6,661,459)	5,438,995	5,091,198	3,868,734	30,060,449	33,929,183
Locust Valley Water District	3,233,379	1,765,455	147,669	(1,320,255)	1,036,065	334,673	50,483	2,212,165	2,262,648
Oyster Bay Water District	2,502,383	1,024,808		(1,477,575)	907,598	540,516	(29,461)	5,060,752	5,031,291
Jericho Water District	10,974,460	8,906,321	2,439,247	371,108	1,880,008	806,584	3,057,700	18,310,938	21,368,638
South Farmingdale Water District	8,073,280	3,789,247		(4,284,033)	2,926,522	1,065,945	(291,556)	15,289,427	14,997,861
Bethpage Water District	8,194,032	3,654,822		(4,539,210)	5,686,415	1,629,212	2,776,417	36,682,139	39,458,556
Syosset Sanitation District	541,815			(541,815)	585,096		43,281	448,441	491,722
Oyster Bay Sewer District	4,728,235	519,415		(4,208,820)	3,578,830	295,976	(334,014)	981,853	647,839
Glenwood-Glenhead Garbage District	1,271,734			(1,271,734)	1,190,008	34,793	(46,933)	(81,766)	(128,699)
	<u>\$ 61,992,007</u>	<u>\$ 31,226,634</u>	<u>\$ 3,793,514</u>	<u>\$ (26,971,859)</u>	<u>\$ 29,858,590</u>	<u>\$ 10,778,305</u>	<u>\$ 13,665,036</u>	<u>\$ 128,848,526</u>	<u>\$ 142,513,562</u>



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS** (continued)

Complete financial statements of the individual nonmajor component units can be obtained from their respective administrative offices:

Massapequa Water District  
84 Grand Avenue  
Massapequa, N.Y. 11758

Plainview Water District  
10 Manetto Hill Road  
Plainview, N.Y. 11803

Hicksville Water District  
4 Dean Street  
Hicksville, N.Y. 11802

Locust Valley Water District  
Buckram Road  
Locust Valley, N.Y. 11560

Oyster Bay Water District  
45 Audrey Avenue  
Oyster Bay, N.Y. 11771

Jericho Water District  
125 Convent Road  
Syosset, N.Y. 11791

South Farmingdale Water District  
40 Langdon Road  
Farmingdale, N.Y. 11735

Bethpage Water District  
25 Adams Avenue  
Bethpage, N.Y. 11714

Syosset Sanitation District  
P.O. Box 14  
Syosset, N.Y. 11791

Oyster Bay Sewer District  
15 Bay Avenue  
Oyster Bay, N.Y. 11771

Glenwood - Glenhead Garbage District  
P.O. Box 181  
Glenwood Landing, N.Y. 11547

**6. PRIOR PERIOD ADJUSTMENT**

As of January 1, 2019, the Town's nonmajor component units' net position of \$129,202,055 was restated to \$128,848,526, a change of \$353,529, due to an overstatement of grant and settlement revenue in the Bethpage Water District.

**7. SUBSEQUENT EVENTS**

Debt Issuance

On March 12, 2020, the Town of Oyster Bay issued bond anticipation notes, series A, in the amount of \$80,695,000. The bond anticipation notes will mature on March 21, 2021 and bear an interest rate of 2.0%. The proceeds of the bond anticipation notes along with \$2,340,000 in available funds were used to redeem \$83,035,000 of bond anticipation notes that matured on March 13, 2020.

On March 12, 2020, the Town of Oyster Bay issued water district notes, series B, in the amount of \$80,189,534. The bond anticipation notes will mature on March 21, 2021 and bear interest rates in the amount of 1.25% for \$24,000,000 in notes and 2.0% for \$46,189,534 in notes. The proceeds of the bond anticipation notes along with \$100,000 in available funds were used to redeem \$18,000,000 of bond anticipation notes that matured on March 13, 2020 and provided \$62,289,534 of new monies for water district capital projects.

Cancellation of Sale of Land

The Town has cancelled the sale of the Department of Public Works facility. See Note 4.J.

COVID-19

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Town.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**8. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following Statements:

Statement No. 83, "*Certain Asset Retirement Obligations*", the objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the Town for the year ended December 31, 2020.

Statement No. 84, "*Fiduciary Activities*", the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of the new Statement become effective for the Town for the year ended December 31, 2020.

Statement No. 87, "*Leases*", the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*", the objective of which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", the objective of which is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for financial statements for the year ending December 31, 2021.

Statement No. 90, "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*", the objective of which is to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

Statement No. 91, "*Conduit Debt Obligations*", the objective of which is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issues, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Statement No. 92, "*Omnibus 2020*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10, and 12 are effective for the year ending December 31, 2022.

Statement No. 93, "*Replacement of Interbank Offered Rates*", as amended by Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", amends certain provisions of GASB Statement No. 53, "*Accounting and Financial Reporting for Derivative Instruments*" as amended) and 87, "*Leases*". It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement are effective for the year ending December 31, 2022.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**8. NEW PRONOUNCEMENTS** (continued)

Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for the year ending December 31, 2023.

Statement No. 96, *"Subscription-Based Information Technology Arrangements"*, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *"Leases"*, as amended. The requirements of this Statement are effective for the year ending December 31, 2023.

The Town is currently evaluating the impact of the above pronouncements.



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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Schedules of Revenues, Expenditures, and Changes in Fund  
Balances – Budget and Actual Major Governmental Funds and  
Schedules

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 62,998,943	\$ 62,998,943	\$ 64,001,350	\$ 1,002,407
Total Real Property Taxes	62,998,943	62,998,943	64,001,350	1,002,407
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	1,401,057	1,401,057	1,745,094	344,037
Interest and penalty on taxes	1,600,000	1,600,000	1,830,995	230,995
Total Other Real Property Tax Items	3,001,057	3,001,057	3,576,089	575,032
<b>NON-PROPERTY TAX ITEMS</b>				
Franchises - cable TV	5,500,000	5,500,000	5,561,876	61,876
Total Non-Property Tax Items	5,500,000	5,500,000	5,561,876	61,876
<b>DEPARTMENTAL INCOME</b>				
Town clerk fees	500,000	500,000	502,162	2,162
Attorney fees	10,000	10,000	(13,469)	(23,469)
Other general departmental income	5,000	5,000	6,100	1,100
Public pound charge dog fees	15,000	15,000	14,018	(982)
Charges for demolition of unsafe buildings			8,926	8,926
Recreation fees	500,000	515,000	806,075	291,075
Community service fees	700,000	700,000	731,349	31,349
Recreational concessions	1,150,000	1,150,000	1,143,182	(6,818)
Beach, pool, golf fees	3,000,000	3,000,000	3,249,958	249,958
Boat basin fees	190,000	190,000	193,169	3,169
Dock storage leases	600,000	600,000	745,044	145,044
Total Departmental Income	6,670,000	6,685,000	7,386,514	701,514
<b>INTERGOVERNMENTAL CHARGES</b>				
Dog pound facilities, other governments	200	200	712	512
Services other governments	5,000	5,000	299,916	294,916
Nassau County local government assistance	14,000,000	14,000,000	16,049,873	2,049,873
Total Intergovernmental Charges	14,005,200	14,005,200	16,350,501	2,345,301
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	50,000	50,000	513,212	463,212
Rental of real property	600,000	600,000	1,560,130	960,130
Rental of equipment			47,835	47,835
Total Use of Money and Property	650,000	650,000	2,121,177	1,471,177

(continued)



**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>LICENSES AND PERMITS</b>				
Games of chance	\$ 150	\$ 150	\$ 170	\$ 20
Bingo licenses	300	300	360	60
Dog license fund apportionment	12,000	12,000	11,004	(996)
Road opening permits	250,000	250,000	283,951	33,951
Total Licenses and Permits	262,450	262,450	295,485	33,035
<b>FINES AND FORFEITURES</b>				
Court fines	400,000	400,000	381,158	(18,842)
Fines and penalties - dog cases	600	600	75	(525)
Total Fines and Forfeitures	400,600	400,600	381,233	(19,367)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of scrap and excess material	5,000	5,000	1,800	(3,200)
Sale of surplus equipment	1,000	1,000	313,041	312,041
Insurance recoveries	6,417	5,009	39,658	34,649
Other compensation for loss	5,000	5,000		(5,000)
Total Sale of Property and Compensation for Loss	17,417	16,009	354,499	338,490
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Refund of prior year expenditures	1,000	717,438	328,458	(388,980)
Gifts and donations			1,587	1,587
AIM related payment		1,682,422	1,682,422	
Miscellaneous revenue	710,000	710,000	934,147	224,147
Miscellaneous Local Sources	711,000	3,109,860	2,946,614	(163,246)
<b>INTERFUND REVENUES</b>	31,731,586	31,731,586	32,292,150	560,564
<b>STATE AID</b>				
Mental health	100,000	100,000	149,331	49,331
Per capita	1,682,422			
Mortgage tax	2,055,822	5,314,715	12,654,751	7,340,036
Youth program	65,000	65,000	65,000	
Other			85,693	85,693
Total State Aid	3,903,244	5,479,715	12,954,775	7,475,060
<b>FEDERAL AID</b>				
Other			11,482	11,482
Total Federal Aid			11,482	11,482
Total Revenue	129,851,497	133,840,420	148,233,745	14,393,325

(continued)

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>GENERAL GOVERNMENT SUPPORT</b>					
Town board	\$ 1,793,374	\$ 1,851,292	\$ 1,838,319		\$ 12,973
Executive	1,433,687	1,433,687	1,344,461		89,226
Comptroller	6,203,131	5,352,488	5,254,472	\$ 46,001	52,015
Receiver of taxes	1,292,537	1,338,039	1,315,171		22,868
Inspector General	232,000	246,096	149,096	85,000	12,000
Town clerk	1,225,828	1,225,828	1,060,649		165,179
Town attorney	4,512,604	5,038,026	4,889,843	98,991	49,192
Human resources	851,093	961,215	905,159	4,018	52,038
Public works	2,369,596	2,316,611	2,251,962		64,649
General services	7,039,177	7,365,874	7,116,839	3,583	245,452
Central vehicle maintenance	9,438,422	9,714,505	9,501,401	119,682	93,422
Other general government support	4,148,407	5,232,091	5,149,646		82,445
Unallocated insurance and payment for losses	1,403,032	1,403,032	116,065		1,286,967
Total General Government Support	41,942,888	43,478,784	40,893,083	357,275	2,228,426
<b>PUBLIC SAFETY</b>					
Public safety	3,262,158	4,175,769	4,090,565	53,950	31,254
Animal shelter	1,337,690	1,390,627	1,313,412		77,215
Total Public Safety	4,599,848	5,566,396	5,403,977	53,950	108,469
<b>TRANSPORTATION</b>					
Superintendent of highways	857,220	857,788	805,116		52,672
Total Transportation	857,220	857,788	805,116		52,672
<b>ECONOMIC ASSISTANCE AND OPPORTUNITY</b>					
Publicity	35,000	35,000	22,878		12,122
Total Economic Assistance And Opportunity	35,000	35,000	22,878		12,122
<b>CULTURE AND RECREATION</b>					
Community and youth services	4,754,179	5,080,675	4,944,589		136,086
Parks, recreation, beaches	12,297,527	13,676,720	13,633,884	7,424	35,412
Total Culture and Recreation	17,051,706	18,757,395	18,578,473	7,424	171,498
<b>HOME AND COMMUNITY SERVICES</b>					
Intergovernmental affairs	960,870	727,800	692,188		35,612
Housing authority	20,000	20,000	17,500		2,500
Environmental control	1,156,045	1,361,278	1,202,940	75,481	82,857
Total Home and Community Services	2,136,915	2,109,078	1,912,628	75,481	120,969

(continued)

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EMPLOYEE BENEFITS</b>					
State Employees' Retirement System	\$ 7,425,373	\$ 7,311,882	\$ 7,311,882		
Social security	3,151,533	3,347,828	3,347,828		
Workers' compensation	520,000	716,207	434,968		\$ 281,239
Disability benefits	6,000	6,000			6,000
Unemployment benefits	51,000	51,000	17,884		33,116
Hospital, medical and dental	17,660,000	17,986,679	15,502,338		2,484,341
Total Employee Benefits	28,813,906	29,419,596	26,614,900		2,804,696
Total Current	95,437,483	100,224,037	94,231,055	494,130	5,498,852
<b>DEBT SERVICE</b>					
Debt principal:					
Capital lease	25,000	45,052	22,342		22,710
Debt interest:					
Bond anticipation notes		251,128	251,128		
Tax anticipation notes		53,799	53,799		
Total Debt Service	25,000	349,979	327,269		22,710
Total Expenditures	95,462,483	100,574,016	94,558,324	494,130	5,521,562
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	34,389,014	33,266,404	53,675,421	(494,130)	19,914,887
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in:					
Debt service fund			1,350,353		1,350,353
Transfers out:					
Debt service fund	(34,389,014)	(33,951,435)	(33,951,435)		
Total Other Financing Sources (Uses)	(34,389,014)	(33,951,435)	(32,601,082)		1,350,353
<b>SPECIAL ITEM</b>					
Return of proceeds from sale of land			(2,475,000)		(2,475,000)
Total Special Item			(2,475,000)		(2,475,000)
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (685,031)	18,599,339	\$ (494,130)	\$ 18,790,240
<b>Fund Balance (Deficit) at Beginning of Year</b>			(10,400,470)		
Fund Balance at End of Year			\$ 8,198,869		



**TOWN OF OYSTER BAY**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
REAL PROPERTY TAXES				
Ad valorem taxes	\$51,554,097	\$ 51,554,097	\$ 51,554,097	
Total Real Property Taxes	51,554,097	51,554,097	51,554,097	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	2,200,470	2,200,470	2,357,202	\$ 156,732
Total Other Real Property Tax Items	2,200,470	2,200,470	2,357,202	156,732
DEPARTMENTAL INCOME				
Road restoration fee	30,000	30,000	74,727	44,727
Public safety cleanup	150,000	150,000	277,350	127,350
Public safety sidewalk repair	100,000	100,000	319,238	219,238
Public safety vacant and abandoned buildings			77,364	77,364
Charges demolition of unsafe buildings	100,000	100,000	99,940	(60)
Total Departmental Income	380,000	380,000	848,619	468,619
INTERGOVERNMENTAL CHARGES				
Services other governments			30,532	30,532
Total Intergovernmental Charges			30,532	30,532
USE OF MONEY AND PROPERTY				
Interest and earnings			76,378	76,378
Rental of real property			2	2
Total Use of Money and Property			76,380	76,380
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue			10	10
Total Miscellaneous Local Sources			10	10
Total Revenues	54,134,567	54,134,567	54,866,840	732,273

(continued)

**TOWN OF OYSTER BAY**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year ended December 31, 2019**

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>TRANSPORTATION</b>					
Maintenance of streets	\$ 12,675,921	\$ 14,280,595	\$ 13,953,337		\$ 327,258
Machinery	2,537,542	3,281,092	3,281,092		
Snow removal	2,405,437	1,661,887	1,526,380	\$ 35,140	100,367
Total Transportation	17,618,900	19,223,574	18,760,809	35,140	427,625
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	1,292,965	1,570,089	1,570,089		
Social security	549,510	594,153	594,153		
Workers' compensation	500,000	550,274	550,274		
Disability benefits	1,000	1,000			1,000
Unemployment benefits	1,000	1,000			1,000
Hospital, medical and dental	4,470,000	4,469,418	4,469,418		
Total Employee Benefits	6,814,475	7,185,934	7,183,934		2,000
Total Current	24,433,375	26,409,508	25,944,743		429,625
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		74,887	74,887		
Total Debt Service		74,887	74,887		
Total Expenditures	24,433,375	26,484,395	26,019,630	35,140	429,625
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	29,701,192	27,650,172	28,847,210	(35,140)	1,161,898
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in:					
Debt service fund		1,982,945	4,247,941		2,264,996
Transfers out:					
Debt service fund	(29,701,192)	(29,633,117)	(29,633,117)		
Total Other Financing Sources (Uses)	(29,701,192)	(27,650,172)	(25,385,176)		2,264,996
<b>Net Change in Fund Balance</b>	\$ -0-	\$ -0-	3,462,034	\$ (35,140)	\$ 3,426,894
<b>Fund Balance at Beginning of Year</b>			2,674,949		
<b>Fund Balance at End of Year</b>			<u>\$ 6,136,983</u>		

**TOWN OF OYSTER BAY**  
**GARBAGE COLLECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 61,262,797	\$ 61,262,797	\$ 61,262,797	
Total Real Property Taxes	61,262,797	61,262,797	61,262,797	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	800,103	1,000,103	892,335	\$ (107,768)
Total Other Real Property Tax Items	800,103	1,000,103	892,335	(107,768)
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings			193,632	193,632
Total Use of Money and Property			193,632	193,632
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Refund of prior year expenditures			629	629
Miscellaneous revenue			200	200
Total Miscellaneous Local Sources			829	829
Total Revenues	\$ 62,062,900	62,262,900	62,349,593	86,693

(continued)



**TOWN OF OYSTER BAY**  
**GARBAGE COLLECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Sanitation	\$ 37,565,657	\$ 39,211,733	\$ 38,500,705	\$ 711,028
Total Home and Community Services	37,565,657	39,211,733	38,500,705	711,028
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	3,151,459	3,151,459	2,962,765	188,694
Social security	1,339,370	1,370,790	1,370,790	
Workers' compensation	3,450,000	3,959,847	3,959,847	
Unemployment benefits	1,000	1,000		1,000
Disability benefits	1,000	1,000		1,000
Hospital, medical and dental	9,140,000	7,993,805	7,993,805	
Total Employee Benefits	17,082,829	16,477,901	16,287,207	190,694
Total Current	54,648,486	55,689,634	54,787,912	901,722
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		61,245	61,245	
Total Debt Service		61,245	61,245	
Total Expenditures	54,648,486	55,750,879	54,849,157	901,722
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	7,414,414	6,512,021	7,500,436	988,415
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Debt service fund			44,579	44,579
Transfers out:				
Debt service fund	(7,414,414)	(7,414,414)	(7,362,083)	52,331
Total Other Financing Sources (Uses)	(7,414,414)	(7,414,414)	(7,317,504)	96,910
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (902,393)	182,932	\$ 1,085,325
<b>Fund Balance at Beginning of Year</b>			3,302,283	
<b>Fund Balance at End of Year</b>			<u>\$ 3,485,215</u>	

**TOWN OF OYSTER BAY**  
**SOLID WASTE DISPOSAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 14,516,543	\$ 14,516,543	\$ 14,516,543	
Total Real Property Taxes	14,516,543	14,516,543	14,516,543	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	550,000	550,000	460,156	\$ (89,844)
Total Other Real Property Tax Items	550,000	550,000	460,156	(89,844)
<b>DEPARTMENTAL INCOME</b>				
Refuse and garbage charges	9,500,000	11,550,000	10,238,068	(1,311,932)
Total Departmental Income	9,500,000	11,550,000	10,238,068	(1,311,932)
<b>INTERGOVERNMENTAL CHARGES</b>				
Refuse and garbage charges - other governments			13,490	13,490
Total Intergovernmental Charges			13,490	13,490
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of recyclable material			61,693	61,693
Total Sale of Property and Compensation for Loss			61,693	61,693
<b>STATE AID</b>				
Other	450,000	450,000	140,473	(309,527)
Total State Aid	450,000	450,000	140,473	(309,527)
<b>FEDERAL AID</b>				
Other			5,000	5,000
Total Federal Aid			5,000	5,000
Total Revenues	25,016,543	27,066,543	25,435,423	(1,631,120)

(continued)

**TOWN OF OYSTER BAY**  
**SOLID WASTE DISPOSAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Sanitation	\$ 16,570,213	\$ 18,840,221	\$ 18,361,345	\$ 478,876
Recycling	2,331,028	2,301,789	1,106,888	1,194,901
Total Home and Community Services	18,901,241	21,142,010	19,468,233	1,673,777
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	338,237	356,590	344,141	12,449
Social security	143,751	144,547	139,014	5,533
Workers' compensation	175,000	214,741	214,741	
Unemployment benefits	2,000	2,000		2,000
Disability benefits	2,000	2,000		2,000
Hospital, medical and dental	1,240,000	1,560,018	1,560,018	
Total Employee Benefits	1,900,988	2,279,896	2,257,914	21,982
Total Current	20,802,229	23,421,906	21,726,147	1,695,759
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		12,291	12,291	
Total Debt Service		12,291	12,291	
Total Expenditures	20,802,229	23,434,197	21,738,438	1,695,759
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,214,314	3,632,346	3,696,985	64,639
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Debt service fund			28,402	28,402
Transfers out:				
Debt service fund	(4,214,314)	(4,214,314)	(4,193,110)	21,204
Total Other Financing Sources (Uses)	(4,214,314)	(4,214,314)	(4,164,708)	49,606
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (581,968)	(467,723)	\$ 114,245
<b>Fund Balance (Deficit) at Beginning of Year</b>			(6,441,111)	
Fund Balance (Deficit) at End of Year			\$ (6,908,834)	

**TOWN OF OYSTER BAY**  
**SCHEDULE OF CHANGES IN THE TOWN'S TOTAL OTHER POSTEMPLOYMENT**  
**BENEFITS LIABILITY AND RELATED RATIOS**  
December 31, 2019

	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 11,087,938	\$ 16,006,520
Interest	16,083,299	17,797,258
Difference between actual and expected experience	(98,297,011)	
Changes of assumptions and other inputs	95,483,731	(52,957,473)
Benefit payments	(12,020,247)	(13,856,455)
Net Change in Total OPEB Liability	12,337,710	(33,010,150)
Total OPEB Liability - Beginning	475,215,153	508,225,303
Total OPEB Liability - Ending	<u>\$ 487,552,863</u>	<u>\$ 475,215,153</u>
Covered-employee payroll	\$ 73,219,397	\$ 75,752,158
Total OPEB liability as a percentage of covered-employee payroll	665.88%	627.33%

Notes to Schedule:

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other data, prior to 2018 is available. However, additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The Town currently contributed enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

*Plan Changes*

None

*Assumption Changes*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Discount rate:	2019	2.74%
	2018	4.10%
	2017	3.44%

Trend rate:	2019	7.0% down to 5.0% in 2023
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**TOWN OF OYSTER BAY**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
December 31, 2019

<u>Years Ending December 31,</u>	<u>Contractually Required Contributions</u>	<u>Contributions Recognized by the Plan in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered Payroll</u>
2019	\$ 12,079,858	\$ 12,084,434	\$ (4,576)	\$ 81,140,236	14.89%
2018	12,270,798	12,282,602	(11,804)	77,611,752	15.83%
2017	13,671,247	13,177,601	493,646	78,717,049	16.74%
2016	14,097,142	11,502,635	2,594,507	86,642,362	13.28%
2015	15,112,830	10,327,189	4,785,641	87,297,307	11.83%
2014	16,227,162	9,980,533	6,246,629	81,871,351	12.19%
2013	17,448,825	10,683,465	6,765,360	79,520,605	13.43%
2012	15,808,562	10,354,332	5,454,230	90,863,367	11.40%
2011	12,471,195	8,978,629	3,492,566	89,891,250	9.99%
2010	9,171,197	8,126,858	1,044,339	88,764,270	9.16%

Note: Contribution amounts presented for each year were determined as of December 31<sup>st</sup> with the contractually required contributions based on the amounts invoiced by the New York State Local Retirement System.

**TOWN OF OYSTER BAY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
December 31, 2019

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.2790976%	0.3204051%	0.3345750%	0.3241518%	0.3185572%	0.3185572%
Town's proportionate share of the net collective pension liability	\$19,774,916	\$10,340,898	\$31,437,416	\$52,027,268	\$10,761,642	\$14,395,154
Town's covered-employee payroll	\$80,599,210	\$76,989,796	\$87,196,731	\$87,987,807	\$82,956,655	\$79,614,352
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.53%	13.43%	36.05%	59.13%	12.97%	18.08%
Plan fiduciary net position as a percentage of the total pension liability coming from Plan	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%

**TOWN OF OYSTER BAY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE LENGTH OF SERVICE AWARD PROGRAM LIABILITY**  
December 31, 2019

Measurement date	Oyster Bay Fire Protection District		
	June 30, 2019	June 30, 2018	June 30, 2017
Total program liability - end of year	\$ 7,732,971	\$ 6,841,343	\$ 6,242,053
Town's percentage share of the LOSAP liability	55.05551%	55.05551%	55.05551%
Town's proportionate share of the LOSAP liability	\$ 4,257,427	\$ 3,766,536	\$ 3,436,594
Expected average remaining years of service of all participants	6	9	7

Measurement date	Glenwood Fire Protection District		
	December 31, 2019	December 31, 2018	December 31, 2017
Total program liability - end of year	\$ 7,162,820	\$ 5,249,395	\$ 4,324,315
Town's percentage share of the LOSAP liability	46.0%	46.0%	46.0%
Town's proportionate share of the LOSAP liability	\$ 3,294,898	\$ 2,414,722	\$ 1,989,186
Expected average remaining years of service of all participants	4	6	7

**Notes:**

There is no covered payroll due to the fact that these are volunteer fire departments.  
Benefits are determined based off service credits earned.

**Trust Assets**

There are no assets accounted in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

		Oyster Bay Fire	Glenwood Fire
Discount rate:	2019	3.13%	2.75%
	2018	3.62%	3.71%
	2017	3.56%	3.31%
Other Changes:	2019	None	Loading increased from 2 to 27% to fund death ben

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**OTHER SUPPLEMENTARY INFORMATION**

Combining and Individual Fund Statements of Revenues,  
Expenditures, and Changes in Fund Balances – Budget and  
Actual  
Nonmajor Governmental Special Revenue Funds and  
Schedules

**TOWN OF OYSTER BAY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2019

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
<b>ASSETS</b>				
Cash and investments	\$ 7,196,426	\$ 748,935	\$ 2,132,926	\$ 7,939,285
Restricted cash and investments				
Accounts receivable, net of allowances for doubtful accounts of \$13,134	153,742			5,992
State and federal aid receivables		607,693		965
Due from other governments, net of allowances for doubtful accounts of \$600	133		157	739
Inventory of material and supplies				
Total Assets	<u>\$ 7,350,301</u>	<u>\$ 1,356,628</u>	<u>\$ 2,133,083</u>	<u>\$ 7,946,981</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 726,889	\$ 478,932	\$ 71,858	\$ 2,499,504
Accrued liabilities	482,903	45,420	44,985	538,163
Due to other funds				3,450,000
Grant advances		138,671		
Unearned revenue				12,088
Total Liabilities	<u>1,209,792</u>	<u>663,023</u>	<u>116,843</u>	<u>6,499,755</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable				
Restricted		693,605		77,463
Assigned	6,140,509		2,016,240	1,369,763
Unassigned				
Total Fund Balances (Deficits)	<u>6,140,509</u>	<u>693,605</u>	<u>2,016,240</u>	<u>1,447,226</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 7,350,301</u>	<u>\$ 1,356,628</u>	<u>\$ 2,133,083</u>	<u>\$ 7,946,981</u>

Fire Protection Districts	Lighting District	Public Parking District	Water District	Total Nonmajor Funds
\$ 2,126,871	\$ 2,196,281	\$ 11,700	\$ 24,732	\$ 22,377,156
3,505,345				3,505,345
	633	1,471		161,838
				608,658
	160	268		1,457
	254,315			254,315
<u>\$ 5,632,216</u>	<u>\$ 2,451,389</u>	<u>\$ 13,439</u>	<u>\$ 24,732</u>	<u>\$ 26,908,769</u>
\$ 779,724	\$ 386,216	\$ 135,693		\$ 5,078,816
	55,104	68,713		1,235,288
		600,000		4,050,000
				138,671
				12,088
<u>779,724</u>	<u>441,320</u>	<u>804,406</u>		<u>10,514,863</u>
	254,315			254,315
3,505,345		540,286		4,816,699
1,347,147	1,755,754		\$ 24,732	12,654,145
		(1,331,253)		(1,331,253)
<u>4,852,492</u>	<u>2,010,069</u>	<u>(790,967)</u>	<u>24,732</u>	<u>16,393,906</u>
<u>\$ 5,632,216</u>	<u>\$ 2,451,389</u>	<u>\$ 13,439</u>	<u>\$ 24,732</u>	<u>\$ 26,908,769</u>

**TOWN OF OYSTER BAY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2019

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
<b>REVENUES</b>				
Real property taxes	\$ 986,198		\$ 1,784,652	\$ 22,601,697
Other real property tax items	106,337		185,651	1,517,799
Departmental income	11,725,653			692,548
Use of money and property	157,862		49,646	183,245
Miscellaneous local sources	6,400	\$ 329,837		(588)
State aid				965
Federal aid		4,280,442		
<b>Total Revenues</b>	<b>12,982,450</b>	<b>4,610,279</b>	<b>2,019,949</b>	<b>24,995,666</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	6,702,456			
Transportation				
Economic assistance and opportunity		2,338,659		
Culture and recreation				15,900,110
Home and community services	1,519,301	2,058,057	1,640,213	
Employee benefits	3,911,290	128,573	696,114	6,099,320
Debt Service:				
Interest				61,089
<b>Total Expenditures</b>	<b>12,133,047</b>	<b>4,525,289</b>	<b>2,336,327</b>	<b>22,060,519</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>849,403</b>	<b>84,990</b>	<b>(316,378)</b>	<b>2,935,147</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,435		1,143	143,824
Transfers out	(472,969)		(500,824)	(4,690,806)
<b>Total Other Financing Sources (Uses)</b>	<b>(458,534)</b>		<b>(499,681)</b>	<b>(4,546,982)</b>
<b>Net Change in Fund Balances</b>	<b>390,869</b>	<b>84,990</b>	<b>(816,059)</b>	<b>(1,611,835)</b>
<b>Fund Balances (Deficits) at Beginning of Year</b>	<b>5,749,640</b>	<b>608,615</b>	<b>2,832,299</b>	<b>3,059,061</b>
<b>Fund Balances (Deficits) at End of Year</b>	<b>\$ 6,140,509</b>	<b>\$ 693,605</b>	<b>\$ 2,016,240</b>	<b>\$ 1,447,226</b>



Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Nonmajor Funds
\$ 7,967,820	\$ 2,684,350	\$ 7,318,363		\$ 43,343,080
518,625	205,413	485,691		3,019,516
		351,878	\$ 7,179	12,777,258
211,052	47,318			649,123
				335,649
				965
				4,280,442
8,697,497	2,937,081	8,155,932	7,179	64,406,033
8,368,575				15,071,031
	2,405,617	2,291,278		4,696,895
				2,338,659
				15,900,110
			7,179	5,224,750
	739,746	1,003,284		12,578,327
	29,798	222,656		313,543
8,368,575	3,175,161	3,517,218	7,179	56,123,315
328,922	(238,080)	4,638,714		8,282,718
	16,385	210,834		386,621
	(478,625)	(5,105,851)		(11,249,075)
	(462,240)	(4,895,017)		(10,862,454)
328,922	(700,320)	(256,303)		(2,579,736)
4,523,570	2,710,389	(534,664)	24,732	18,973,642
\$ 4,852,492	\$ 2,010,069	\$ (790,967)	\$ 24,732	\$ 16,393,906

**TOWN OF OYSTER BAY**  
**TOWN OUTSIDE VILLAGE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 986,198	\$ 986,198	\$ 986,198	
Total Real Property Taxes	986,198	986,198	986,198	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	250,274	250,274	106,337	\$ (143,937)
Total Other Real Property Tax Items	250,274	250,274	106,337	(143,937)
<b>DEPARTMENTAL INCOME</b>				
Building fees	11,000,000	11,200,000	11,325,418	125,418
Zoning board fees	400,000	400,000	373,235	(26,765)
Planning fees	30,000	30,000	27,000	(3,000)
Total Departmental Income	11,430,000	11,630,000	11,725,653	95,653
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings			157,862	157,862
Total Use of Money and Property			157,862	157,862
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Refund of prior year expenditures			6,400	6,400
Total Miscellaneous Local Sources			6,400	6,400
Total Revenues	12,666,472	12,866,472	12,982,450	115,978

(continued)

**TOWN OF OYSTER BAY**  
**TOWN OUTSIDE VILLAGE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>PUBLIC SAFETY</b>				
Building	\$ 6,342,647	\$ 6,484,666	\$ 6,362,590	\$ 122,076
Animal warden services	339,866	339,866	339,866	
Total Public Safety	6,682,513	6,824,532	6,702,456	122,076
<b>CULTURE AND RECREATION</b>				
Memorial day assistance	5,000	5,000		5,000
Total Culture and Recreation	5,000	5,000		5,000
<b>HOME AND COMMUNITY SERVICES</b>				
Board of appeals	437,488	497,820	434,450	63,370
Planning and development - staff	1,139,920	1,262,401	1,084,851	177,550
Total Home and Community Services	1,577,408	1,760,221	1,519,301	240,920
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	1,122,093	1,153,295	1,149,628	3,667
Social security	476,889	482,097	476,637	5,460
Workers' compensation	50,000	6,151	6,151	
Disability benefits	1,600	1,600		1,600
Unemployment benefits	3,000	3,000		3,000
Hospital, medical and dental	2,275,000	2,290,364	2,278,874	11,490
Total Employee Benefits	3,928,582	3,936,507	3,911,290	25,217
Total Current	12,193,503	12,526,260	12,133,047	393,213
Total Expenditures	12,193,503	12,526,260	12,133,047	393,213
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	472,969	340,212	849,403	509,191
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Debt service fund			14,435	14,435
Transfers out:				
Debt service fund	(472,969)	(472,969)	(472,969)	
Total Other Financing Sources (Uses)	(472,969)	(472,969)	(458,534)	14,435
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (132,757)	390,869	\$ 523,626
<b>Fund Balance at Beginning of Year</b>			5,749,640	
Fund Balance at End of Year			\$ 6,140,509	

**TOWN OF OYSTER BAY**  
**DRAINAGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 1,784,652	\$ 1,784,652	\$ 1,784,652	
Total Real Property Taxes	1,784,652	1,784,652	1,784,652	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	1,000,430	1,000,430	185,651	\$ (814,779)
Total Other Real Property Tax Items	1,000,430	1,000,430	185,651	(814,779)
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings			49,646	49,646
Total Use of Money and Property			49,646	49,646
Total Revenues	2,785,082	2,785,082	2,019,949	(765,133)

(continued)



**TOWN OF OYSTER BAY**  
**DRAINAGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Drainage	\$ 1,437,033	\$ 1,800,698	\$ 1,640,213	\$ 160,485
Total Home and Community Services	1,437,033	1,800,698	1,640,213	160,485
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	141,070	141,070	122,256	18,814
Social security	59,955	61,529	61,529	
Disability benefits	200	200		200
Workers' compensation	5,000	5,592	5,592	
Hospital, medical and dental	640,000	512,221	506,737	5,484
Unemployment insurance	1,000	1,000		1,000
Total Employee Benefits	847,225	721,612	696,114	25,498
Total Current	2,284,258	2,522,310	2,336,327	185,983
Total Expenditures	2,284,258	2,522,310	2,336,327	185,983
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	500,824	262,772	(316,378)	(579,150)
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium and accrued interest on obligations				
Transfers in:				
Debt service fund			1,143	1,143
Transfers out:				
Debt service fund	(500,824)	(500,824)	(500,824)	
Total Other Financing Sources (Uses)	(500,824)	(500,824)	(499,681)	1,143
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (238,052)	(816,059)	\$ (578,007)
<b>Fund Balance at Beginning of Year</b>			2,832,299	
<b>Fund Balance at End of Year</b>			<u>\$ 2,016,240</u>	

**TOWN OF OYSTER BAY**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 22,601,697	\$ 22,601,697	\$ 22,601,697	
Total Real Property Taxes	22,601,697	22,601,697	22,601,697	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	1,757,379	1,973,298	1,517,799	\$ (455,499)
Total Other Real Property Tax Items	1,757,379	1,973,298	1,517,799	(455,499)
DEPARTMENTAL INCOME				
Recreational concessions	27,500	27,500	31,500	4,000
Special recreational facility charge	590,000	590,000	661,048	71,048
Total Departmental Income	617,500	617,500	692,548	75,048
USE OF MONEY AND PROPERTY				
Interest and earnings	9	125,009	145,816	20,807
Rental of real property			35,379	35,379
Rental of equipment			2,050	2,050
Total Use of Money and Property	9	125,009	183,245	58,236
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue	1,038,466	1,038,466	(588)	(1,039,054)
Total Miscellaneous Local Sources	1,038,466	1,038,466	(588)	(1,039,054)
STATE AID				
Other			965	965
Total State Aid			965	965
Total Revenues	26,015,051	26,355,970	24,995,666	(1,360,304)

(continued)

**TOWN OF OYSTER BAY**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>CULTURE AND RECREATION</b>					
Parks, pools and rinks	\$ 15,473,082	\$ 16,007,374	\$ 15,900,110	\$ 2,775	\$ 104,489
Total Culture and Recreation	15,473,082	16,007,374	15,900,110	2,775	104,489
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	1,298,031	1,399,738	1,399,738		
Social security	625,043	640,601	639,764		837
Workers' compensation	145,000	560,340	560,340		
Disability insurance	1,000	1,000			1,000
Unemployment insurance	1,000	1,000			1,000
Hospital, medical and dental	3,720,000	3,499,478	3,499,478		
Total Employee Benefits	5,790,074	6,102,157	6,099,320		2,837
Total Current	21,263,156	22,109,531	21,999,430	2,775	107,326
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		61,089	61,089		
Total Debt Service		61,089	61,089		
Total Expenditures	21,263,156	22,170,620	22,060,519	2,775	107,326
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,751,895	4,185,350	2,935,147	(2,775)	(1,252,978)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in:					
Debt service fund		89,566	143,824		54,258
Transfers out:					
Debt service fund	(4,751,895)	(4,690,806)	(4,690,806)		
Total Other Financing Sources (Uses)	(4,751,895)	(4,601,240)	(4,546,982)		54,258
<b>Net Change in Fund Balance</b>	<u>\$ -0-</u>	<u>\$ (415,890)</u>	<u>(1,611,835)</u>	<u>\$ (2,775)</u>	<u>\$ (1,198,720)</u>
<b>Fund Balance at Beginning of Year</b>			3,059,061		
Fund Balance at End of Year			<u>\$ 1,447,226</u>		

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**TOWN OF OYSTER BAY**  
**FIRE PROTECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 7,967,820	\$ 7,967,820	\$ 7,967,820	
Total Real Property Taxes	7,967,820	7,967,820	7,967,820	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	507,471	696,785	518,625	\$ (178,160)
Total Other Real Property Tax Items	507,471	696,785	518,625	(178,160)
USE OF MONEY AND PROPERTY				
Interest and earnings			211,052	211,052
Total Use of Money and Property			211,052	211,052
Total Revenues	8,475,291	8,664,605	8,697,497	32,892
<b>EXPENDITURES</b>				
CURRENT:				
PUBLIC SAFETY				
Fire protection	8,475,291	8,664,605	8,368,575	296,030
Total Public Safety	8,475,291	8,664,605	8,368,575	296,030
Total Current	8,475,291	8,664,605	8,368,575	296,030
Total Expenditures	8,475,291	8,664,605	8,368,575	296,030
Net Change in Fund Balance	\$ -0-	\$ -0-	328,922	\$ 328,922
Fund Balance at Beginning of Year			4,523,570	
Fund Balance at End of Year			\$ 4,852,492	

**TOWN OF OYSTER BAY**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 2,684,350	\$ 2,684,350	\$ 2,684,350	
Total Real Property Taxes	2,684,350	2,684,350	2,684,350	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	1,000,039	1,000,039	205,413	\$ (794,626)
Total Other Real Property Tax Items	1,000,039	1,000,039	205,413	(794,626)
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings			47,318	47,318
Total Use of Money and Property			47,318	47,318
Total Revenues	3,684,389	3,684,389	2,937,081	(747,308)

(continued)

**TOWN OF OYSTER BAY**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>TRANSPORTATION</b>				
Lighting	\$ 2,344,639	\$ 2,415,487	\$ 2,405,617	\$ 9,870
Total Transportation	2,344,639	2,415,487	2,405,617	9,870
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	129,914	130,699	130,699	
Social security	55,213	61,652	61,652	
Disability benefits	200	200		200
Workers' compensation	15,000	16,777	16,777	
Hospital, medical and dental	630,000	535,686	530,618	5,068
Unemployment benefits	1,000	1,000		1,000
Total Employee Benefits	831,327	746,014	739,746	6,268
Total Current	3,175,966	3,161,501	3,145,363	16,138
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		29,798	29,798	
Total Debt Service		29,798	29,798	
Total Expenditures	3,175,966	3,191,299	3,175,161	16,138
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	508,423	493,090	(238,080)	(731,170)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Debt service fund			16,385	16,385
Transfers out:				
Debt service fund	(508,423)	(493,090)	(478,625)	14,465
Total Other Financing Sources (Uses)	(508,423)	(493,090)	(462,240)	30,850
<b>Net Change in Fund Balance</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	(700,320)	<u>\$ (700,320)</u>
<b>Fund Balance at Beginning of Year</b>			2,710,389	
<b>Fund Balance at End of Year</b>			<u>\$ 2,010,069</u>	

**TOWN OF OYSTER BAY**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 7,318,363	\$ 7,318,363	\$ 7,318,363	
Total Real Property Taxes	7,318,363	7,318,363	7,318,363	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	500,335	567,838	485,691	\$ (82,147)
Total Other Real Property Tax Items	500,335	567,838	485,691	(82,147)
<b>DEPARTMENTAL INCOME</b>				
Parking permits	500,000	500,000	336,279	(163,721)
Parking meter fees	30,000	30,000	15,599	(14,401)
Total Departmental Income	530,000	530,000	351,878	(178,122)
Total Revenues	8,348,698	8,416,201	8,155,932	(260,269)

(continued)



**TOWN OF OYSTER BAY**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>TRANSPORTATION</b>					
Parking	\$ 2,050,340	\$ 2,293,244	\$ 2,291,278	\$ 150	\$ 1,816
Total Transportation	2,050,340	2,293,244	2,291,278	150	1,816
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	107,264	150,707	150,707		
Social security	45,587	62,467	62,467		
Workers compensation	140,000	153,786	153,786		
Disability benefits	1,000	1,000			1,000
Unemployment benefits	1,000	1,000			1,000
Hospital, medical and dental	675,000	636,324	636,324		
Total Employee Benefits	969,851	1,005,284	1,003,284		2,000
Total Current	3,020,191	3,298,528	3,294,562	150	3,816
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		222,656	222,656		
Total Debt Service		222,656	222,656		
Total Expenditures	3,020,191	3,521,184	3,517,218	150	3,816
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5,328,507	4,895,017	4,638,714	(150)	(256,453)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in:					
Debt service fund		210,834	210,834		
Transfers out:					
Debt service fund	(5,328,507)	(5,105,851)	(5,105,851)		
Total Other Financing Sources (Uses)	(5,328,507)	(4,895,017)	(4,895,017)		
<b>Net Change in Fund Balance</b>	\$ -0-	\$ -0-	(256,303)	\$ (150)	\$ (256,453)
<b>Fund Balance (Deficit) at Beginning of Year</b>			(534,664)		
<b>Fund Balance (Deficit) at End of Year</b>			<u>\$ (790,967)</u>		

**TOWN OF OYSTER BAY**  
**WATER DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
DEPARTMENTAL INCOME				
Water rental arrears		\$ 7,179	\$ 7,179	
Total Departmental Income		7,179	7,179	
Total Revenues		7,179	7,179	
<b>EXPENDITURES</b>				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Water		7,179	7,179	
Total Home and Community Services		7,179	7,179	
Total Expenditures		7,179	7,179	
Net Change in Fund Balance	\$ -0-	\$ -0-	-0-	\$ -0-
Fund Balance at Beginning of Year			24,732	
Fund Balance at End of Year			<u>\$ 24,732</u>	

**TOWN OF OYSTER BAY**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
USE OF MONEY AND PROPERTY				
Interest and earnings		\$ 6,057,596	\$ 1,145,211	\$ (4,912,385)
Total Use of Money and Property		6,057,596	1,145,211	(4,912,385)
MISCELLANEOUS LOCAL SOURCES				
Premiums on bond anticipation notes			604,622	604,622
Total Miscellaneous Local Sources			604,622	604,622
Total Revenues		6,057,596	1,749,833	(4,307,763)
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Fiscal agent fees	\$ 100,000	100,000	1,052	98,948
Total General Government Support	100,000	100,000	1,052	98,948
Total Current	100,000	100,000	1,052	98,948
DEBT SERVICE:				
Debt principal:				
Serial bonds	64,929,932	64,929,933	64,929,928	5
Debt interest:				
Serial bonds	22,251,621	22,050,017	21,461,645	588,372
Bond issuance costs		44,787	44,787	
Total Debt Service	87,181,553	87,024,737	86,436,360	588,377
Total Expenditures	87,281,553	87,124,737	86,437,412	687,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,281,553)	(81,067,141)	(84,687,579)	(3,620,438)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Other funds	87,281,553	87,168,847	90,696,583	3,527,736
Premium on refunding bond			92,702	92,702
Refunding bond issued		919,090	919,090	
Debt service - principal current refunding		(963,200)	(963,200)	
Transfers out:				
Other funds		(6,057,596)	(6,057,596)	
Total Other Financing Sources (Uses)	87,281,553	81,067,141	84,687,579	3,620,438
Net Change in Fund Balance	\$ -0-	\$ -0-	-0-	\$ -0-
Fund Balance at Beginning of Year			100,628	
Fund Balance at End of Year			\$ 100,628	

**TOWN OF OYSTER BAY**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**December 31, 2019**

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
<b>ASSETS</b>				
Cash	\$ 11,571,774	\$ 23,107	\$ 81,366,876	\$ 92,961,757
Total Assets	<u>\$ 11,571,774</u>	<u>\$ 23,107</u>	<u>\$ 81,366,876</u>	<u>\$ 92,961,757</u>
<b>LIABILITIES</b>				
Due to the Comptroller of the State of New York		\$ 45		\$ 45
Due to the Department of Environmental Conservation of the State of New York		840		840
Due to the Department of Health of the State of New York		1,778		1,778
Due to the Department of Agriculture and Markets of the State of New York		158		158
Due to school districts			\$ 80,958,205	80,958,205
Due to component units	\$ 7,106,809			7,106,809
Other agency liabilities	4,464,965	20,286	408,671	4,893,922
Total Liabilities	<u>\$ 11,571,774</u>	<u>\$ 23,107</u>	<u>\$ 81,366,876</u>	<u>\$ 92,961,757</u>



**TOWN OF OYSTER BAY**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
**Year ended December 31, 2019**

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
<b>ASSETS</b>				
<b>Town Agency Funds</b>				
Cash	\$ 15,293,568	\$ 181,151,002	\$ 184,872,796	\$ 11,571,774
Total Assets - Town Agency Funds	15,293,568	181,151,002	184,872,796	11,571,774
<b>Town Clerk Agency Funds</b>				
Cash	32,133	606,099	615,125	23,107
Due from other governments				
Total Assets - Town Clerk Agency Funds	32,133	606,099	615,125	23,107
<b>Town Receiver of Taxes Agency Funds</b>				
Cash	100,884,423	1,659,993,344	1,679,510,891	81,366,876
Total Assets - Town Receiver of Taxes Agency Funds	100,884,423	1,659,993,344	1,679,510,891	81,366,876
Total Assets	\$ 116,210,124	\$ 1,841,750,445	\$ 1,864,998,812	\$ 92,961,757
<b>LIABILITIES</b>				
<b>Town Agency Funds</b>				
Consolidated payroll		\$ 94,000,533	\$ 94,000,533	
Due to component units	\$ 11,377,595	44,585,909	48,856,695	\$ 7,106,809
Other agency liabilities	3,915,973	42,564,560	42,015,568	4,464,965
Total Liabilities - Town Agency Funds	15,293,568	181,151,002	184,872,796	11,571,774
<b>Town Clerk Agency Funds</b>				
Due to the Comptroller of the State of New York	15	795	765	45
Due to the Department of Environmental Conservation of the State of New York	621	27,513	27,294	840
Due to the Department of Health of the State of New York	1,620	29,542	29,384	1,778
Due to the Department of Agriculture and Markets of the State of New York	113	1,771	1,726	158
Other agency liabilities	29,764	546,478	555,956	20,286
Total Liabilities - Town Clerk Agency Funds	32,133	606,099	615,125	23,107
<b>Town Receiver of Taxes Agency Funds</b>				
Due to school districts	100,423,394	1,092,358,492	1,111,823,681	80,958,205
Due to the Treasurer of Nassau County		220,689,415	220,689,415	
Other agency liabilities	461,029	346,945,437	346,997,795	408,671
Total Liabilities - Town Receiver of Taxes Agency Funds	100,884,423	1,659,993,344	1,679,510,891	81,366,876
Total Liabilities	\$ 116,210,124	\$ 1,841,750,445	\$ 1,864,998,812	\$ 92,961,757

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**DISCRETELY PRESENTED NONMAJOR  
COMPONENT UNITS**

The nonmajor component units of the Town provide water, sewer and sanitation services to residents and businesses within the districts. These districts are organized under New York State Town Law and have separately elected boards. Long-term debt, backed by the full faith and credit of the Town, and other matters result in an interdependency with the Town.

**TOWN OF OYSTER BAY**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
December 31, 2019

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 3,067,369	\$ 10,008,965	\$ 33,682,408	\$ 726,522
Accounts receivable	2,112,121	1,124,992	958,119	632,326
State and federal aid receivables		1,191,409		
Due from other governments	146,705	246,099	191,584	147,669
Due from primary government	137,737	159,022	260,364	360,199
Other assets			16,336	
Inventory of materials and supplies	60,902	187,845	11,775	116,357
Prepaid items	54,473	190,128	56,072	141,714
Total Current Assets	5,579,307	13,108,460	35,176,658	2,124,787
<b>Non-Current Assets:</b>				
Non-depreciable capital assets	205,215	4,969,979	5,563,612	1,953,014
Depreciable capital assets, net of depreciation	18,793,521	28,668,292	32,150,045	12,946,171
Total Non-Current Assets	18,998,736	33,638,271	37,713,657	14,899,185
<b>Total Assets</b>	<b>24,578,043</b>	<b>46,746,731</b>	<b>72,890,315</b>	<b>17,023,972</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refundings				
Other postemployment benefits	1,733,912	1,386,716	1,888,721	445,564
Pensions	345,667	355,852	349,180	219,041
<b>Total Deferred Outflows of Resources</b>	<b>2,079,579</b>	<b>1,742,568</b>	<b>2,237,901</b>	<b>664,605</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	278,859	4,062,760	3,094,298	608,465
Accrued liabilities	91,724	116,051	45,343	
Accrued interest payable		176,291	165,650	18,740
Bond anticipation notes payable	30,000			
Due to primary government	1,080,960	33,160		
Unearned income	29,978	29,015		
Other liabilities		184,368	12,196	
Non-current liabilities due within one year:				
General obligation bonds payable	326,710	1,145,582		692,000
Compensated absences	81,718	20,725	104,003	
Other debt			1,160,662	
Total Current Liabilities	1,919,949	5,767,952	4,582,152	1,319,205
<b>Non-Current Liabilities:</b>				
General obligation bonds payable	2,758,131	11,632,606		10,096,638
Bond anticipation notes payable long-term	1,970,000			
Compensated absences	298,672	203,576	264,505	388,639
Other postemployment benefits payable	10,222,653	9,576,384	13,127,901	2,779,552
Net pension liability - proportionate share	406,766	378,259	224,428	126,234
Other debt			21,033,185	
Total Non-Current Liabilities	15,656,222	21,790,825	34,650,019	13,391,063
<b>Total Liabilities</b>	<b>17,576,171</b>	<b>27,558,777</b>	<b>39,232,171</b>	<b>14,710,268</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Contractual service fees				36,000
Pensions	196,793	168,424	121,364	55,952
Other postemployment benefits	2,934,958	2,257,275	1,845,498	623,709
<b>Total Deferred Inflows of Resources</b>	<b>3,131,751</b>	<b>2,425,699</b>	<b>1,966,862</b>	<b>715,661</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,832,935	18,966,708	28,832,863	4,110,547
Restricted	2,021,124	7,252,437	12,422,749	2,076,927
Unrestricted (deficit)	(8,904,359)	(7,714,322)	(7,326,429)	(3,924,826)
<b>Total Net Position</b>	<b>\$ 5,949,700</b>	<b>\$ 18,504,823</b>	<b>\$ 33,929,183</b>	<b>\$ 2,262,648</b>



Oyster Bay Water District	Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 1,427,812	\$ 10,968,647	\$ 10,093,357	\$ 17,688,782	\$ 491,670	\$ 922,003	\$ 28,760	\$ 89,106,295
231,960	2,408,672	1,217,149	800,201				9,485,540
	306,885		597,218				2,095,512
			152,221	52			884,330
257,166	2,586,311	753,467	2,341,428		251,069	46	7,106,809
						1,700	18,036
50,280	186,672	8,798	208,743				831,372
25,037	305,713	129,722	90,659		104,774		1,098,292
1,992,255	16,762,900	12,202,493	21,879,252	491,722	1,277,846	30,506	110,626,186
85,555	14,385,190	2,264,456	18,016,165		48,007		47,491,193
10,874,297	27,677,009	28,458,930	39,055,819		11,715,961		210,340,045
10,959,852	42,062,199	30,723,386	57,071,984		11,763,968		257,831,238
12,952,107	58,825,099	42,925,879	78,951,236	491,722	13,041,814	30,506	368,457,424
					57,911		57,911
490,937	2,023,247	1,306,749	1,112,256		1,593,899		11,982,001
164,410	585,657	417,803	318,828		428,695		3,185,133
655,347	2,608,904	1,724,552	1,431,084		2,080,505		15,225,045
67,981	2,434,302	1,441,906	3,130,423		148,698	159,205	15,426,897
	64,308	82,362	45,869		68,350		514,007
51,113	348,614	246,241	458,451		24,985		1,490,085
		20,000	50,000				100,000
	200,000	226,866					1,540,986
	76,292						135,285
35,645	316,896	24,514	209,833		16,349		799,801
457,013	819,000	1,144,140	1,394,000		266,217		6,244,662
14,635	57,479	226,204	76,808		26,785		608,357
							1,160,662
626,387	4,316,891	3,412,233	5,365,384		551,384	159,205	28,020,742
3,413,459	11,649,000	14,499,848	19,850,000		1,197,294		75,096,976
	7,485,000	1,495,000	6,950,000				17,900,000
278,073	1,092,099	612,547	279,068		508,920		3,926,099
3,440,700	12,650,792	7,105,001	6,628,445		9,592,424		75,123,852
139,782	522,300	473,220	342,563		406,993		3,020,545
							21,033,185
7,272,014	33,399,191	24,185,616	34,050,076		11,705,631		196,100,657
7,898,401	37,716,082	27,597,849	39,415,460		12,257,015	159,205	224,121,399
							36,000
52,269	190,699	162,271	119,159		146,030		1,212,961
625,493	2,158,584	1,892,450	1,389,145		2,071,435		15,798,547
677,762	2,349,283	2,054,721	1,508,304		2,217,465		17,047,508
7,305,651	22,902,762	12,816,944	30,207,576		10,200,506		148,176,492
1,067,933	5,025,956	4,141,386	8,186,924				42,195,436
(3,342,293)	(6,560,080)	(1,960,469)	1,064,056	491,722	(9,552,667)	(128,699)	(47,858,366)
\$ 5,031,291	\$ 21,368,638	\$ 14,997,861	\$ 39,458,556	\$ 491,722	\$ 647,839	\$ (128,699)	\$ 142,513,562

**TOWN OF OYSTER BAY**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year ended December 31, 2019

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
<b>EXPENSES</b>				
Current:				
Home and community services	\$ 5,926,210	\$ 6,733,938	\$ 9,812,541	\$ 3,233,379
Total Expenses	5,926,210	6,733,938	9,812,541	3,233,379
<b>PROGRAM REVENUES</b>				
Charges for services	3,672,923	4,742,561	3,151,082	1,765,455
Capital grants and contributions		1,206,598		147,669
Total Program Revenues	3,672,923	5,949,159	3,151,082	1,913,124
Net Expenses	(2,253,287)	(784,779)	(6,661,459)	(1,320,255)
<b>GENERAL REVENUES</b>				
Real property taxes	2,027,999	4,601,054	5,438,995	1,036,065
Other real property tax items	121,714	201,654	465,541	14,029
Use of money and property - interest and earnings	75,329	198,270	568,639	34,701
Sales of property and compensation for loss	69,478	76,815	3,633,330	
Miscellaneous local sources	228,634	7,514	423,688	285,943
Total General Revenues	2,523,154	5,085,307	10,530,193	1,370,738
Changes in Net Position	269,867	4,300,528	3,868,734	50,483
Net Position at Beginning of Year, as reported	5,679,833	14,204,295	30,060,449	2,212,165
Prior period adjustment				
Net Position at Beginning of Year, as restated	5,679,833	14,204,295	30,060,449	2,212,165
Net Position at End of Year	\$ 5,949,700	\$ 18,504,823	\$ 33,929,183	\$ 2,262,648

Oyster Bay Water District	Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 2,502,383	\$ 10,974,460	\$ 8,073,280	\$ 8,194,032	\$ 541,815	\$ 4,728,235	\$ 1,271,734	\$ 61,992,007
2,502,383	10,974,460	8,073,280	8,194,032	541,815	4,728,235	1,271,734	61,992,007
1,024,808	8,906,321 \$ 2,439,247	3,789,247	3,654,822		519,415		31,226,634 3,793,514
1,024,808	11,345,568	3,789,247	3,654,822		519,415		35,020,148
(1,477,575)	371,108	(4,284,033)	(4,539,210)	(541,815)	(4,208,820)	(1,271,734)	(26,971,859)
907,598	1,880,008	2,926,522	5,686,415	585,096	3,578,830	1,190,008	29,858,590
35,124	89,910	65,487	479,061		245,468	4,793	1,722,781
29,356	195,180	168,558	230,955		23,651		1,524,639
9,051	383,476	26,016	30,006				4,228,172
466,985	138,018	805,884	889,190		26,857	30,000	3,302,713
1,448,114	2,686,592	3,992,467	7,315,627	585,096	3,874,806	1,224,801	40,636,895
(29,461)	3,057,700	(291,566)	2,776,417	43,281	(334,014)	(46,933)	13,665,036
5,060,752	18,310,938	15,289,427	37,035,668	448,441	981,853	(81,766)	129,202,055
			(353,529)				(353,529)
5,060,752	18,310,938	15,289,427	36,682,139	448,441	981,853	(81,766)	128,848,526
\$ 5,031,291	\$ 21,368,638	\$ 14,997,861	\$ 39,458,556	\$ 491,722	\$ 647,839	\$ (128,699)	\$ 142,513,562

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## STATISTICAL SECTION

This comprehensive statistical data for the Town includes, in some cases, statistical information for the villages, school districts, and special districts, which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town and its financial affairs than is possible from the financial statements and schedules included in the Financial Section. Many tables in this section cover several years for comparison purposes, and may present data from outside of the Town's accounting records. This part of the Town of Oyster Bay's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.	147-154
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	155-160
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	161-164
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	165-166
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	168-172

**TOWN OF OYSTER BAY**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
(accrual basis of accounting)

Year Ended December 31,	2019	2018	2017 <sup>1</sup>	2016	2015
Primary government					
Governmental activities					
Net position:					
Net investment					
in capital assets	\$ 94,413,718	\$ 85,406,978	\$ 76,098,412	\$ 56,626,377	\$ 41,720,284
Restricted	9,225,629	4,523,843	6,651,316	5,814,874	2,849,979
Unrestricted (deficit)	<u>(628,586,777)</u>	<u>(638,188,046)</u>	<u>(660,125,606)</u>	<u>(389,373,300)</u>	<u>(351,779,423)</u>
Total Primary Government					
Net Position	<u>\$ (524,947,430)</u>	<u>\$ (548,257,225)</u>	<u>\$ (577,375,878)</u>	<u>\$ (326,932,049)</u>	<u>\$ (307,209,160)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

Note: <sup>1</sup> The net position at December 31, 2017 was restated to reflect the implementation of GASB No. 75.

2014	2013	2012	2011	2010
\$ 39,210,064	\$ 32,343,595	\$ 26,762,896	\$ 24,260,496	\$ 24,709,247
1,808,763	1,201,964	1,276,840	2,026,619	659,882
(313,071,481)	(263,390,501)	(231,457,703)	(176,918,159)	(142,604,599)
<u>\$ (272,052,654)</u>	<u>\$ (229,844,942)</u>	<u>\$ (203,417,967)</u>	<u>\$ (150,631,044)</u>	<u>\$ (117,235,470)</u>

**TOWN OF OYSTER BAY**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
(accrual basis of accounting)

Year Ended December 31,	2019 <sup>1</sup>	2018	2017	2016	2015
<b>Expenses</b>					
Governmental activities:					
General government support	\$ 35,175,120	\$ 31,296,069	\$ 32,624,198	\$ 35,572,625	\$ 37,483,953
Public safety	29,005,596	27,303,498	27,134,763	28,898,107	29,462,383
Transportation	57,514,994	57,624,042	56,143,668	60,479,881	59,896,037
Economic assistance and opportunity	3,228,546	3,157,405	3,123,788	3,391,651	4,041,854
Culture and recreation	69,175,777	69,941,598	70,089,044	71,781,695	70,411,344
Home and community service	77,446,692	77,656,093	79,258,294	84,826,153	89,199,268
Interest on debt	22,040,827	21,718,222	26,173,679	25,706,555	25,301,881
Total governmental activities expenses	<u>293,587,552</u>	<u>288,696,927</u>	<u>294,547,434</u>	<u>310,656,667</u>	<u>315,796,720</u>
Total primary government expenses	<u>\$ 293,587,552</u>	<u>\$ 288,696,927</u>	<u>\$ 294,547,434</u>	<u>\$ 310,656,667</u>	<u>\$ 315,796,720</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government support	\$ 1,818,188	\$ 1,155,770	\$ 1,073,664	\$ 1,865,841	\$ 1,286,612
Public safety	11,637,503	10,212,514	9,742,053	7,799,239	6,697,956
Transportation	1,441,484	2,976,973	1,413,871	1,921,218	1,899,617
Culture and recreation	7,893,320	7,398,745	6,328,599	5,844,405	6,175,419
Home and community service	1,858,906	1,724,436	1,030,236	768,665	984,528
Operating grants and contributions	3,803,917	3,914,142	3,555,183	3,988,225	4,535,703
Capital grants and contributions	4,222,594	6,862,565	437,352	2,815,071	2,465,139
Total governmental activities program revenues	<u>32,675,912</u>	<u>34,245,145</u>	<u>23,580,958</u>	<u>25,002,664</u>	<u>24,044,974</u>
Total primary government program revenues	<u>\$ 32,675,912</u>	<u>\$ 34,245,145</u>	<u>\$ 23,580,958</u>	<u>\$ 25,002,664</u>	<u>\$ 24,044,974</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>\$(260,911,640)</u>	<u>\$(254,451,782)</u>	<u>\$(270,966,476)</u>	<u>\$(285,654,003)</u>	<u>\$(291,751,746)</u>
Total primary government net expense	<u>\$(260,911,640)</u>	<u>\$(254,451,782)</u>	<u>\$(270,966,476)</u>	<u>\$(285,654,003)</u>	<u>\$(291,751,746)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Real property taxes	\$ 234,677,867	\$ 234,030,013	\$ 235,562,854	\$ 210,988,363	\$ 215,667,149
Other real property tax items	10,305,298	10,490,964	10,208,772	10,129,678	4,993,937
Non-property tax items	5,561,876	5,642,122	5,705,925	5,680,869	5,308,648
Interest earnings	2,540,127	1,340,630	590,388	236,536	218,014
Local government assistance - unrestricted	16,049,873	15,497,649	14,959,916	14,556,122	14,258,755
State aid - unrestricted	12,654,751	13,089,231	14,126,639	13,679,895	12,311,610
Other	4,906,643	357,037	6,820,884	10,659,651	3,837,127
Special item	(2,475,000)	3,122,789			
Total primary government government general revenues and other	<u>284,221,435</u>	<u>283,570,435</u>	<u>287,975,378</u>	<u>265,931,114</u>	<u>256,595,240</u>
Total primary government	<u>\$ 284,221,435</u>	<u>\$ 283,570,435</u>	<u>\$ 287,975,378</u>	<u>\$ 265,931,114</u>	<u>\$ 256,595,240</u>
<b>Change in Net Position</b>					
Governmental activities	<u>\$ 23,309,795</u>	<u>\$ 29,118,653</u>	<u>\$ 17,008,902</u>	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>
Total primary government	<u>\$ 23,309,795</u>	<u>\$ 29,118,653</u>	<u>\$ 17,008,902</u>	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

Note: <sup>1</sup> In 2019, State aid-unrestricted for per capita aid was converted to other general revenue as AIM Related payment, per the requirements of the Office of the State Comptroller.



2014	2013	2012	2011	2010
\$ 38,162,097	\$ 36,575,649	\$ 32,796,871	\$ 23,979,446	\$ 32,283,214
28,286,861	29,134,180	27,821,478	26,314,669	24,145,307
62,982,460	68,083,600	71,035,386	56,829,279	51,102,059
4,192,597	4,035,988	4,039,287	3,952,952	5,214,244
66,674,609	71,386,725	70,617,267	67,279,441	66,858,706
86,904,193	93,926,958	85,793,941	85,314,148	85,680,187
24,225,844	22,180,971	21,318,102	18,275,637	14,948,060
311,428,661	325,324,071	313,422,332	281,945,572	280,231,777
<u>\$ 311,428,661</u>	<u>\$ 325,324,071</u>	<u>\$ 313,422,332</u>	<u>\$ 281,945,572</u>	<u>\$ 280,231,777</u>

\$ 1,136,556	\$ 1,229,235	\$ 1,003,364	\$ 984,923	\$ 1,038,276
6,024,901	6,354,468	4,564,537	4,067,938	4,271,347
2,922,521	2,029,540	2,285,793	1,768,986	2,017,458
6,230,650	6,307,093	6,586,215	6,002,337	6,122,679
830,167	794,692	899,181	581,858	692,256
10,777,160	15,217,357	18,126,195	8,156,683	7,838,502
4,522,687	10,328,219	5,666,110	10,661,138	3,815,966
32,444,642	42,260,604	39,131,395	32,223,863	25,796,484
<u>\$ 32,444,642</u>	<u>\$ 42,260,604</u>	<u>\$ 39,131,395</u>	<u>\$ 32,223,863</u>	<u>\$ 25,796,484</u>

<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>	<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>
<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>	<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>

\$ 198,080,058	\$ 182,180,760	\$ 175,579,664	\$ 175,265,000	\$ 166,258,122
3,678,417	3,390,556	3,197,633	3,128,447	2,821,830
5,112,339	4,863,692	4,696,524	4,617,396	4,437,509
181,680	246,628	147,906	283,646	389,697
13,942,484	14,680,867	13,733,876	13,144,675	13,331,035
10,327,711	11,883,093	11,184,538	10,201,720	10,762,780
8,005,579	10,062,430	12,963,873	9,685,251	6,169,847
	30,025,000			
239,328,268	257,333,026	221,504,014	216,326,135	204,170,820
<u>\$ 239,328,268</u>	<u>\$ 257,333,026</u>	<u>\$ 221,504,014</u>	<u>\$ 216,326,135</u>	<u>\$ 204,170,820</u>

<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>	<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>
<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>	<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>

**TOWN OF OYSTER BAY**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
(modified accrual basis of accounting)

Year Ended December 31,	2019	2018	2017	2016	2015
General Fund					
Reserved					
Unreserved					
Nonspendable	\$ 2,226,843	\$ 2,314,736	\$ 2,077,679	\$ 5,629,349	\$ 9,209,971
Restricted	616,890	31,287	32,237		
Assigned	3,109,711				
Unassigned	2,245,425	(12,746,493)	(24,144,002)	(45,583,563)	(37,054,024)
Total General Fund	<u>\$ 8,198,869</u>	<u>\$ (10,400,470)</u>	<u>\$ (22,034,086)</u>	<u>\$ (39,954,214)</u>	<u>\$ (27,844,053)</u>
 All other governmental funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Fund					
Debt Service Fund					
Nonspendable	\$ 1,051,924	\$ 1,286,447	\$ 1,428,965	\$ 1,300,742	\$ 1,259,729
Restricted	55,728,056	47,817,416	31,425,489	29,698,404	2,849,979
Assigned	17,859,322	20,443,449	18,064,833	23,998,100	7,023,559
Unassigned	(12,640,130)	(40,103,826)	(120,838,068)	(125,878,180)	(109,470,762)
Total all other governmental funds	<u>\$ 61,999,172</u>	<u>\$ 29,443,486</u>	<u>\$ (69,918,781)</u>	<u>\$ (70,880,934)</u>	<u>\$ (98,337,495)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

Note: <sup>1</sup> Components of fund balance reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

2014	2013	2012	2011 <sup>1</sup>	2010
				\$ 1,708,530
				374,746
\$ 11,909,423	\$ 4,678,333	\$ 3,387,516	\$ 4,292,202	
(29,416,588)	(3,168,285)	(10,299,540)	(5,422,383)	
<u>\$ (17,507,165)</u>	<u>\$ 1,510,048</u>	<u>\$ (6,912,024)</u>	<u>\$ (1,130,181)</u>	<u>\$ 2,083,276</u>
				\$ 33,306,988
				6,665,244
				(281,933,862)
\$ 1,530,435	\$ 1,734,984	\$ 1,721,425	\$ 1,635,674	
1,808,763	1,201,964	1,276,840	2,026,619	
3,729,857	5,633,333	6,680,117	14,100,368	
(80,437,628)	(310,460,120)	(366,641,459)	(298,511,328)	
<u>\$ (73,368,573)</u>	<u>\$ (301,889,839)</u>	<u>\$ (356,963,077)</u>	<u>\$ (280,748,667)</u>	<u>\$ (241,961,630)</u>

**TOWN OF OYSTER BAY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
(modified accrual basis of accounting)

Year Ended December 31,	2019	2018	2017	2016	2015
<b>Revenues</b>					
Real property taxes	\$ 234,677,867	\$ 234,030,013	\$ 235,562,854	\$ 210,988,363	\$ 215,667,149
Other real property tax items	10,305,298	10,490,964	10,208,772	10,129,678	4,993,937
Non-property tax items	5,561,876	5,642,122	5,705,925	5,680,869	5,308,648
Departmental income	31,250,459	29,941,417	27,166,574	24,191,587	22,938,738
Intergovernmental charges	16,394,523	15,596,762	15,008,883	14,579,184	14,402,785
Use of money and property	4,185,523	2,223,826	1,282,267	1,063,225	852,443
License and permits	295,485	345,030	292,778	317,165	233,344
Fines and forfeitures	381,233	490,845	443,751	583,553	640,896
Sale of property and compensation for loss	416,192	1,150,188	517,549	736,829	933,986
Miscellaneous					
and local sources	3,949,487	1,426,573	2,476,099	10,059,186	3,092,399
Interfund revenues	32,292,150	32,771,175	29,955,070	30,090,695	29,596,471
State aid	16,249,357	18,556,703	15,112,964	16,077,219	14,775,547
Federal aid	4,296,924	5,279,729	2,948,531	4,418,132	4,179,376
<b>Total revenues</b>	<b>360,256,374</b>	<b>357,945,347</b>	<b>346,682,017</b>	<b>328,915,685</b>	<b>317,615,719</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government support	40,894,135	40,645,294	38,604,808	40,670,837	38,037,078
Public safety	20,475,008	19,507,889	18,589,267	20,707,244	21,009,794
Transportation	24,262,820	24,256,444	22,919,060	24,515,940	24,686,666
Economic assistance and opportunity	2,361,537	2,297,134	2,166,355	2,531,011	2,916,303
Culture and recreation	34,478,583	33,713,671	32,521,859	34,741,523	33,427,561
Home and community service	65,106,316	65,958,643	61,645,325	73,109,702	65,812,654
Employee benefits	64,922,282	64,128,727	61,121,561	59,065,008	55,838,958
Capital outlay	47,643,665	43,046,354	9,954,834	15,949,008	35,133,901
<b>Debt Service:</b>					
Principal	64,952,270	143,400,563	55,551,737	53,633,058	50,506,321
Interest	22,228,538	23,784,053	27,179,457	23,345,634	25,552,293
Bond issuance costs	44,787	658,933			
Advanced refunding escrow					
<b>Total expenditures</b>	<b>387,369,941</b>	<b>461,397,705</b>	<b>330,254,263</b>	<b>348,268,965</b>	<b>352,921,529</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(27,113,567)</b>	<b>(103,452,358)</b>	<b>16,427,754</b>	<b>(19,353,280)</b>	<b>(35,305,810)</b>
<b>Other financing sources (uses)</b>					
Transfers in	96,754,479	92,834,650	86,640,884	84,814,895	77,120,806
Transfers out	(96,754,479)	(92,834,650)	(86,640,884)	(84,814,895)	(77,120,806)
Issuance of debt	80,695,000	125,749,057		34,350,000	
Premiums on obligations	92,702	4,266,186			
Refunding bond issued	919,090	78,696,287			
Payment to refunded bond escrow agent or debt service - principal -current refunding	(963,200)				
Capital lease		111,711		349,680	
<b>Total other financing sources (uses)</b>	<b>80,743,592</b>	<b>208,823,241</b>	<b>-0-</b>	<b>34,699,680</b>	<b>-0-</b>
<b>Special item</b>	<b>(2,475,000)</b>	<b>5,625,000</b>			
<b>Net change in fund balances</b>	<b>\$ 51,155,025</b>	<b>\$ 110,995,883</b>	<b>\$ 16,427,754</b>	<b>\$ 15,346,400</b>	<b>\$ (35,305,810)</b>
Debt service as a percentage of noncapital expenditures	25.63%	40.21%	26.11%	23.14%	24.23%

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.



2014	2013	2012	2011	2010
\$ 198,080,058	\$ 182,180,760	\$ 175,579,664	\$ 175,265,001	\$ 166,258,122
3,678,417	3,390,556	3,197,633	3,128,447	2,821,830
5,112,339	4,863,692	4,696,524	4,617,396	4,437,509
22,978,529	23,120,124	22,079,123	20,406,328	20,966,195
13,973,877	14,718,216	13,942,518	13,176,813	13,365,710
777,031	824,353	603,056	735,241	894,246
296,652	205,178	174,475	149,865	119,629
1,027,489	666,753	746,224	454,077	513,879
468,532	905,960	1,606,331	333,447	396,953
7,774,106	9,770,228	1,803,732	5,105,926	3,530,852
29,949,479	28,423,597	29,876,012	29,160,183	26,942,095
17,497,657	14,987,030	13,608,089	13,732,037	14,549,881
7,744,354	22,354,741	21,139,005	12,200,790	7,362,931
309,358,520	306,411,188	289,052,386	278,465,551	262,159,832
39,420,479	37,984,142	39,712,264	34,125,789	36,650,794
20,595,032	19,778,269	20,167,997	19,295,277	18,433,319
26,210,566	31,523,700	36,926,372	25,912,405	24,496,655
3,366,498	2,812,692	3,184,421	3,200,016	4,121,859
32,963,253	32,362,259	35,638,463	35,039,970	33,278,647
69,396,713	66,628,449	68,441,125	67,054,880	69,766,398
54,412,698	53,452,014	51,210,979	46,923,714	42,116,903
57,144,686	84,324,592	78,651,835	114,031,571	123,578,275
38,231,954	30,680,747	31,355,462	25,975,875	20,526,759
23,805,275	21,958,366	20,754,691	16,402,710	13,086,920
355,604			233,966	
3,622,850			2,731,641	
369,525,608	381,505,230	386,043,609	390,927,814	386,056,529
(60,167,088)	(75,094,042)	(96,991,223)	(112,462,263)	(123,896,697)
75,101,560	55,504,247	52,917,281	42,553,991	42,092,659
(75,101,560)	(55,504,247)	(52,917,281)	(42,553,991)	(42,092,659)
264,175,000	107,056,379	7,500,000	61,575,000	125,449,000
8,649,587	1,507,973	7,494,970	8,915,009	3,875,082
66,224,563			32,514,467	
(70,152,185)			(32,542,707)	
268,896,965	108,564,352	14,994,970	70,461,769	129,324,082
	30,025,000			
\$ 208,729,877	\$ 63,495,310	\$ (81,996,253)	\$ (42,000,494)	\$ 5,427,385
20.84%	17.57%	16.94%	16.37%	12.83%

**TOWN OF OYSTER BAY**  
**ASSESSED VALUE, STATE EQUALIZATION RATE, AND ESTIMATED FULL VALUE OF REAL PROPERTY**  
**LAST TEN YEARS**

Year Ended December 31,	Class One		Class Two		Class Three		Class Four		Total Net Assessed Value	
	Residential Property		Condo and Co-Op Property		Utility and Special Franchise		Commercial Property			
2019	\$	90,585,419	\$	3,124,357	\$	3,687,848	\$	37,402,927	\$	134,800,551
2018		94,095,129		3,104,209		3,562,100		35,199,552		135,960,990
2017		97,247,808		3,191,037		3,697,345		36,691,677		140,827,867
2016		100,696,094		3,265,115		4,009,445		41,924,815		149,895,469
2015		103,499,098		3,314,650		8,110,700		43,333,487		158,257,935
2014		106,471,145		3,315,141		8,008,677		45,555,762		163,350,725
2013		109,989,707		3,330,881		7,965,140		46,547,801		167,833,529
2012		119,349,935		3,404,383		8,335,694		50,709,884		181,799,896
2011		124,558,277		3,587,770		8,063,217		58,814,856		195,024,120
2010		144,899,065		3,605,084		7,655,995		58,128,433		214,288,577

Source: Town of Oyster Bay Annual Budget Report.

Total Direct Tax Rate	State Equalization Rate	Full Valuation	Assessed Value as a Percentage of Full Value
4.70	0.21%	\$ 64,190,738,571	0.21%
4.83	0.22%	61,800,450,000	0.22%
5.08	0.24%	58,678,277,917	0.24%
4.67	0.26%	57,652,103,462	0.26%
4.67	0.27%	58,614,050,000	0.27%
4.69	0.30%	54,450,241,667	0.30%
4.41	0.31%	54,139,848,065	0.31%
3.93	0.31%	58,645,127,742	0.31%
3.77	0.32%	60,945,037,500	0.32%
3.48	0.34%	63,026,052,059	0.34%

**TOWN OF OYSTER BAY**  
**PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN YEARS**

Town Direct Rates					
Year Ended December 31,	Full Valuation	State Equalization Rate	Total Net Assessed Value	Tax Levy for Town <sup>1</sup>	Total Town Direct Tax Rate <sup>1,2</sup>
2019	\$ 64,190,738,571	0.21%	\$ 134,800,551	\$ 301,847,703	4.70
2018	61,800,450,000	0.22%	135,960,990	298,600,390	4.83
2017	58,678,277,917	0.24%	140,827,867	298,248,457	5.08
2016	57,652,103,462	0.26%	149,895,469	269,088,858	4.67
2015	58,614,050,000	0.27%	158,257,935	273,742,969	4.67
2014	54,450,241,667	0.30%	163,350,725	255,141,730	4.69
2013	54,139,848,065	0.31%	167,833,529	238,793,854	4.41
2012	58,645,127,742	0.31%	181,799,896	230,699,358	3.93
2011	60,945,037,500	0.32%	195,024,120	229,899,564	3.77
2010	63,026,052,059	0.34%	214,288,577	219,045,576	3.48

Source: Receiver of Taxes - General and School Tax Warrants.

<sup>1</sup> Total tax levy, as well as the total direct rate for Town includes all Town controlled funds, Discretely Presented Component Units, Fire Hydrant Rental District, Fire Districts, Incorporated Villages and Library Districts.

<sup>2</sup> Per \$1,000 of full valuation.



Overlapping Rates

County Tax Levy for Town	Total County Direct Rate <sup>2</sup>	School Levy	Total School Direct Rate <sup>2</sup>	Total Direct & Overlapping Rates
\$ 273,533,122	4.26	\$ 1,092,819,559	17.02	25.98
288,565,537	4.67	1,066,840,424	17.26	26.76
287,751,116	4.90	1,048,569,504	17.87	27.85
261,689,441	4.54	1,038,819,411	18.02	27.23
272,517,577	4.65	1,055,707,878	18.01	27.33
264,940,834	4.87	1,032,048,220	18.95	28.51
265,051,828	4.90	1,001,983,368	18.51	27.82
263,271,178	4.49	974,916,136	16.62	25.04
262,419,092	4.31	945,235,477	15.51	23.59
260,456,163	4.13	933,444,160	14.81	22.42

**TOWN OF OYSTER BAY**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

2019

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Keyspan Gas East	Public Utility - Public Franchise	\$ 2,104,018	1.56%
2	Verizon NY	Public Utility - Public Franchise	1,035,211	0.77%
3	Sunrise Mall LLC	Shopping Mall	1,003,517	0.74%
4	Long Island Power Authority	Public Utility - Public Franchise	744,779	0.55%
5	Jericho Plaza LLC	Office Buildings	622,208	0.46%
6	Broadway Mall (KRE Broadway Owner LLC)	Shopping Mall	540,258	0.40%
7	JQ Associates	Office Buildings	407,546	0.30%
8	Northrop Grumman Systems Co.	Aviation	376,173	0.28%
9	92 FHB LLC	Apartments	339,277	0.25%
10	Norwich Gate Company LLC	Apartments	338,455	0.25%
Total			<u>\$ 7,511,442</u>	<u>(a) 5.56%</u>

(a) Represents 5.56% of the total taxable assessed valuation of the Town for 2019.

2010

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Long Island Power Authority	Public Utility	\$ 4,066,333	1.90%
2	CLK-HP Various Properties	Office Buildings	2,842,849	1.33%
3	Verizon	Public Utility	1,855,064	0.87%
4	Keyspan Gas East	Public Utility	1,851,642	0.86%
5	Sunrise Mall Assoc. & Hudson Resources	Shopping Mall	1,839,542	0.86%
6	Broadway Mall (CGA Broadway Partners LLC)	Shopping Mall	1,410,380	0.66%
7	Jericho Quads	Office Buildings	1,109,855	0.52%
8	One-Two Jericho Plaza Owner LLC	Office Buildings	1,089,043	0.51%
9	FED LI LLC & GSM LI LLC & ICA LI LLC	Office Buildings	987,426	0.46%
10	Northrop Grumman Corp. & Related Companies	Aerospace Industry	555,276	0.26%
Total			<u>\$ 17,607,410</u>	<u>(b) 8.23%</u>

(b) Represents 8.23% of the total taxable assessed valuation of the Town for 2010.

Source: Town of Oyster Bay Official Statements.

**TOWN OF OYSTER BAY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

Year Ended December 31,	Tax Levy for Town <sup>1</sup>	Amount Collected <sup>2</sup>	Percent Collected
2019	\$ 301,847,703	\$ 301,847,703	100.00%
2018	298,600,390	298,600,390	100.00%
2017	298,248,457	298,248,457	100.00%
2016	269,088,858	269,088,858	100.00%
2015	273,742,969	273,742,969	100.00%
2014	255,141,730	255,141,730	100.00%
2013	238,793,854	238,793,854	100.00%
2012	230,699,358	230,699,358	100.00%
2011	229,899,564	229,899,564	100.00%
2010	219,045,576	219,045,576	100.00%

Source: Receiver of Taxes - General Tax Levy.

<sup>1</sup> Total tax levy for Town includes all Town controlled funds, Discretely Presented Component Units, Fire Hydrant Rental District, Fire Districts, Incorporated Villages and Library Districts.

<sup>2</sup> During year of levy.

**TOWN OF OYSTER BAY**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN YEARS**

Year Ended	Governmental Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
2019	\$ 532,101,201	\$ 532,101,201	0.44%	1,783
2018	598,868,122	598,868,122	0.52%	2,005
2017	535,073,473	535,073,473	0.50%	1,798
2016	562,468,941	562,468,941	0.53%	1,895
2015	612,489,926	612,489,926	0.61%	2,050
2014	664,403,519	664,403,519	0.68%	2,258
2013	434,723,923	434,723,923	0.46%	1,468
2012	357,319,045	357,319,045	0.39%	1,215
2011	374,867,908	374,867,908	0.43%	1,284
2010	339,297,023	339,297,023	0.40%	1,157

Source: Details regarding the outstanding debt can be found in the notes to the financial statements.

Notes: As of December 31, 2019, the Town - Primary Government had \$83,035,000 outstanding in bond anticipation notes, which are not presented in this

Beginning with the year ended 2012, the amount reported for general obligation bonds is inclusive of premiums on general obligation bonds. Prior to 2012, the amount reported relates solely to general obligation bonds.

<sup>1</sup> See the schedule of Demographic and Economic Statistics for personal income and population.



**TOWN OF OYSTER BAY**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN YEARS**

Year Ended	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Full Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
2019	\$ 532,101,201	\$ 100,628	\$ 532,000,573	0.83%	1,783
2018	598,868,122	100,628	598,767,494	0.97%	2,005
2017	535,073,473	2,591,546	532,481,927	0.91%	1,790
2016	562,468,941	2,128,871	560,340,070	0.97%	1,887
2015	612,489,926	1,764,668	610,725,258	1.04%	2,044
2014	664,403,519	612,934	663,790,585	1.22%	2,255
2013	434,723,923	139,480	434,584,443	0.80%	1,468
2012	357,319,045	222,550	357,096,495	0.61%	1,215
2011	374,867,908	864,721	374,003,187	0.61%	1,281
2010	339,297,023	100,628	339,196,395	0.54%	1,157

Source: Details regarding outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property for property value data.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Beginning with the year ended 2012, the amount reported for general obligation bonds is inclusive of premiums on general obligation bonds. Prior to 2012, the amount reported relates solely to general obligation bonds.

**TOWN OF OYSTER BAY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
December 31, 2019

<u>Jurisdiction</u>	<u>Net Long-Term Debt</u>	<u>Percentage Applicable to the Town of Oyster Bay</u>	<u>Town of Oyster Bay Share of Debt <sup>1</sup></u>
Direct:			
Town of Oyster Bay	\$ 532,101,201	100.00%	\$ 532,101,201
Total Direct Debt	532,101,201		532,101,201
Overlapping:			
Nassau County	4,032,141,480	26.62%	1,073,356,062
School Districts	23,713,831	100.00%	23,713,831
Fire Districts	2,305,599	100.00%	2,305,599
Water Districts	79,878,127	100.00%	79,878,127
Sewer District	1,463,511	100.00%	1,463,511
Incorporated Villages	36,584,187	100.00%	36,584,187
Total Overlapping Debt	4,176,086,735		1,217,301,317
Total Direct and Overlapping Debt	\$ 4,708,187,936		\$ 1,749,402,518

Source: Town of Oyster Bay Official Statement.

Note: The taxpayers share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

<sup>1</sup> Only the Town portion of school districts and villages that lie partially in other towns has been considered.

**TOWN OF OYSTER BAY**  
**DEBT LIMIT MARGIN INFORMATION**  
December 31, 2019

Year Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2019	\$ 134,800,551	0.21%	\$ 64,190,738,571
2018	135,960,990	0.22%	61,800,450,000
2017	140,827,867	0.24%	58,678,277,917
2016	149,895,469	0.26%	57,652,103,462
2015	158,257,935	0.27%	58,614,050,000
Total Five Year Full Valuation			<u>\$ 300,935,619,950</u>
Five Year Average Full Valuation of Taxable Real Property			<u>60,187,123,990</u>
Debt Limit - 7% of Five Year Average Full Valuation			<u>4,213,098,679</u>
Inclusions:			
Outstanding Bonds			601,290,000
Bond Anticipation Notes (including Long-term BANs)			<u>101,035,000</u>
Total Inclusions			<u>702,325,000</u>
Exclusions:			
Water Bonds			79,463,489
Water Bond Anticipation Notes			<u>18,000,000</u>
Total Exclusions			<u>97,463,489</u>
Total Net Indebtedness Subject to the Debt Limit			<u>604,861,511</u>
Net Debt Contracting Margin			<u>3,608,237,168</u>
Percent of Debt Limit Exhausted			14.36%

Last Ten Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Exclusions	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percent of Net Debt Contracting Margin Available
2019	\$ 4,213,098,679	\$ 702,325,000	\$ 97,463,489	\$ 604,861,511	\$ 3,608,237,168	85.64%
2018	4,076,731,723	710,880,369	93,704,861	617,175,508	3,459,556,215	84.86%
2017	3,969,483,296	756,410,000	90,267,694	666,142,306	3,303,340,990	83.22%
2016	3,969,019,193	808,670,000	74,708,959	733,961,041	3,235,058,152	81.51%
2015	4,015,120,270	823,430,000	79,293,928	744,136,072	3,270,984,198	81.47%
2014	4,076,888,298	814,341,379	73,834,924	740,506,455	3,336,381,843	81.84%
2013	4,211,516,267	794,571,379	68,145,232	726,426,147	3,485,090,120	82.75%
2012	4,359,242,727	802,628,958	62,588,477	740,040,481	3,619,202,246	83.02%
2011	4,448,031,980	724,175,945	48,693,585	675,482,360	3,772,549,620	84.81%
2010	4,526,990,068	659,294,000	31,357,617	627,936,383	3,899,053,685	86.13%

Source: Office of the Comptroller and the Official Statements of the Town of Oyster Bay.

**TOWN OF OYSTER BAY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**

Year Ended December 31,	Population <sup>1</sup>	Personal Income <sup>2</sup> (in millions)	Per Capita Income <sup>2,7</sup>	Median Age <sup>3,7,9</sup>	Unemploy- ment Rate <sup>2,4,6</sup>	Year-Round Households Estimate <sup>4,7</sup>	Average Household Size Estimate <sup>4,7</sup>	Population Density Per Square Mile <sup>4,7,8</sup>	Public School Enrollment <sup>5</sup>
2019	298,391	\$ 122,032	\$ 56,951	44.3	3.20%	100,289	2.92	2,604	51,772
2018	298,655	116,084	54,532	44.2	3.30%	99,679	2.95	2,606	52,045
2017	297,537	107,959	51,093	43.8	3.90%	99,217	2.96	2,596	52,030
2016	296,876	105,861	49,697	43.7	3.70%	98,509	2.97	2,591	52,413
2015	298,766	100,019	50,950	44.1	3.90%	98,872	2.97	2,862	52,791
2014	294,307	98,096	50,770	44.4	4.40%	99,159	2.95	2,853	53,384
2013	296,108	95,475	44,704	42.9	5.50%	98,210	2.96	2,836	54,120
2012	293,990	91,120	47,757	44.9	6.60%	100,094	2.89	2,816	54,563
2011	292,033	87,992	45,529	42.6	6.50%	93,579	2.93	2,826	55,098
2010	293,214	83,985	45,607	42.8	6.80%	99,419	2.89	2,808	55,797

Sources:

- <sup>1</sup> Bureau of the Census / American Community Survey
- <sup>2</sup> Bureau of Economic Analysis. Figures are for Nassau County when not available for the Town
- <sup>3</sup> State Department of Commerce
- <sup>4</sup> Long Island Business News - Doing Business on Long Island / LILCO Survey / Long Island Population Survey.
- <sup>5</sup> NYSED.gov
- <sup>6</sup> State Department of Labor
- <sup>7</sup> U.S. Census Bureau
- <sup>8</sup> Town of Oyster Bay Official Statement
- <sup>9</sup> Towncharts.com



**TOWN OF OYSTER BAY**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

2019

Rank	Name	Type of Business	Number of Employees
1	Gate Gourmet Inc.	Airport Services	A
2	Winthrop-University Hospital	Hospitals	A
3	Pro Health ENT	Otorhinolaryngology Ear Nose Physician	A
4	North Shore Univ. Hosp. Med.	Hospitals	A
5	North Shore Hospital Pharmacy	Pharmacies	A
6	St. Francis Hospital	General Medical & Surgical Hospital	B
7	South Nassau Communities Hospital	Hospitals	B
8	Simonette & Assoc.	Attorneys	B
9	Plainview Hospital	Hospitals	B
10	North Shore Court Reporters	Court & Convention Reporters	B

2010

Rank	Name	Type of Business	Number of Employees
1	Cablevision Systems	Entertainment/Telecommunications	A
2	Gov't. Employees Insurance Co.	Insurance Agents/Brokers	A
3	Keyspan	Public Utility	A
4	King Kullen Grocery	Supermarket Chain	A
5	Long Island University	College University	A
6	Northrop Grumman Systems Corp.	Electronic & Aircraft Software Systems	A
7	North Shore University Hospital	General Medical & Surgical Hospital	A
8	N.C. Assoc. for Help of Retarded Children	Job Training & Vocational Rehab Services	A
9	Pall Corporation	Surgical Appliances & Supplies	A
10	St. Francis Hospital	General Medical & Surgical Hospital	A

Source: Town of Oyster Bay Official Statements.

Note: Percentage of total Town employment is not available.

Code	Approximate Number of Employees
A	More than 1,500 employees
B	1,000 to 1,499 employees
C	500 to 999 employees

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**TOWN OF OYSTER BAY**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN YEARS**

Full-time Equivalent Employees as of December 31										
Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government support	246	237	228	224	248	258	256	253	274	257
Public safety	116	112	114	109	123	126	118	116	125	119
Transportation	125	119	113	120	142	151	152	160	176	164
Economic assistance and opportunity	9	8	10	11	13	14	11	11	11	12
Culture and recreation	256	247	254	268	289	293	280	287	303	277
Home and community services	257	270	279	301	333	343	350	344	361	356
Total	<u>1,009</u>	<u>993</u>	<u>998</u>	<u>1,033</u>	<u>1,148</u>	<u>1,185</u>	<u>1,167</u>	<u>1,171</u>	<u>1,250</u>	<u>1,185</u>

Source: Office of the Comptroller of the Town of Oyster Bay.

**TOWN OF OYSTER BAY**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN YEARS**

Year Ended December 31,	2019	2018	2017	2016	2015
<b>Function</b>					
<b>General Government Support</b>					
<b>Public Safety</b>					
Building					
Residential building permits issued	4,745	5,265	5,057	5,140	4,745
Commercial building permits issued	1,093	997	1,013	1,161	715
Public Safety					
Animals received	569	695	708	803	788
Animals adopted	289	384	364	382	363
Animals redeemed	118	118	105	149	127
Town Clerk					
Permits issued <sup>1</sup>	5,403	26,970	6,975	31,891	9,275
Fire					
Number of fire protection districts	7	7	7	7	7
Number of calls answered	9,072	8,913	8,473	8,565	8,321
<b>Transportation</b>					
Parking Meters					
Number of parking meters	247	219	275	275	275
Collections per month	2	2	2	2	2
Highways and Streets					
Street resurfacing (miles)	46	3	3	2	3
Number of trees planted		31			781
Number of trees removed	671	1,347	697	720	616
<b>Economic Assistance and Opportunity</b>					
<b>Culture and Recreation</b>					
Beach permits issued	46,850	44,010	47,553	45,439	48,247
Registration for adult programs	1,401	611	979	880	714
Registration for summer programs	1,953	1,817	1,721	1,631	1,627
<b>Home and Community Services</b>					
Sanitation					
Refuse collected (tons/day)	577	544	560	580	567
Recyclables collected (tons/day) <sup>2</sup>	203	220	176	196	180

Source: Various departments of the Town of Oyster Bay.

<sup>1</sup> Resident parking permits contained in this total are issued every two years.

<sup>2</sup> Single stream collections began October 23, 2017 and ended as of January 1, 2019.



2014	2013	2012	2011	2010
4,739	4,838	3,935	4,018	3,783
866	1,062	795	921	293
805	783	826	804	747
258	354	233	327	200
130	127	172	127	116
27,446	6,050	29,592	8,272	29,384
7	7	7	7	7
7,503	8,926	7,822	18,240	17,498
275	275	275	305	305
2	2	2	2	2
7	11	14	18	4
794	1,566	1,080	419	1,996
801	2,808	2,695	3,396	1,558
47,512	45,262	48,316	50,974	55,987
766	709	238	400	339
1,685	1,975	2,150	2,300	2,650
588	1,259	1,293	633	565
208	195	178	190	208

**TOWN OF OYSTER BAY**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN YEARS**

Year Ended December 31,	2019	2018	2017	2016	2015
<b>Function</b>					
<b>General Government Support</b>					
Municipal buildings	3	3	3	3	3
Central vehicle maintenance					
Vehicles maintained	700	700	700	700	700
<b>Transportation</b>					
Highways and streets					
Streets (miles) <sup>(1)</sup>	733	733	781	781	781
Streetlights	21,096	21,051	20,989	20,990	20,927
Parking fields	56	45	56	54	54
<b>Culture and Recreation</b>					
Parks acreage	600	600	600	600	600
Beaches	9	9	9	9	9
Marinas	3	3	3	3	3
Boat basin slips	554	554	554	554	554
Swimming pools	5	5	5	5	5
Golf courses	1	1	1	1	1
Tennis courts	28	28	28	28	28
Community centers	11	11	11	11	11
<b>Home and Community Service</b>					
Sanitation					
Collection trucks	94	91	81	64	64

Source: Various departments of the Town of Oyster Bay.

(1) As per consultation evaluation in 2018.

2014	2013	2012	2011	2010
3	3	3	3	3
700	700	700	700	687
781	781	781	781	781
20,927	23,000	25,000	25,000	25,000
54	54	54	54	54
600	600	600	600	600
9	9	9	9	9
3	3	3	3	3
554	554	554	554	554
5	5	5	5	5
1	1	1	1	1
28	28	28	28	28
11	11	11	11	11
64	64	50	50	50

**APPENDIX C**  
**DISCLOSURE UNDERTAKING**



**ANNUAL AND CONTINUING  
DISCLOSURE UNDERTAKING CERTIFICATE  
PURSUANT TO RULE 15c2-12 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing its Obligations (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the record and beneficial owners from time to time of the Obligations (the “Holders”) to provide

**A. Definitions.** As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“*Bonds*” means the Issuer’s \$30,000,000 General Obligation (Serial) Bonds, 2020 (Federally Taxable), dated August 27, 2020.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Issuer*” means the Town of Oyster Bay, Nassau County, New York.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Notes*” means the Issuer’s \$39,620,000 Bond Anticipation Notes, 2020 Series C, dated August 27, 2020

“*Obligations*” means the Bonds and the Notes.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

“*Undertaking*” means this Annual and Continuing Disclosure Undertaking.

**B. Annual Reports.** With respect to the Bonds, the Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated August 18, 2020, under the headings or subheadings, as applicable, “TOWN OF OYSTER BAY”, “FIVE YEAR TREND OF ASSESSED AND FULL VALUATION AND FISCAL YEAR INDEBTEDNESS”, “STATUS OF INDEBTEDNESS – Debt Outstanding”, “STATUS OF INDEBTEDNESS – Details of Outstanding Indebtedness”, “BONDED DEBT OF OVERLAPPING POLITICAL SUBDIVISIONS”, “DEBT STATEMENT SUMMARY – General Obligation Bond Principal and Interest”, and “LITIGATION AND CERTAIN ONGOING INVESTIGATIONS”, and in Appendices A, A1, A2, A3 and B, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Issuer will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

**C. Event Notices.** With respect to the Obligations, the Issuer shall electronically file with the MSRB notice of any of the following events in a timely manner and not more than ten business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Obligations, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide *financial* information or operating data in accordance with this Undertaking by the time required by this Undertaking.

**D. Filings with the MSRB.** All financial information, operating data, financial *statements*, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

**E. Limitations, Disclaimers, and Amendments.** The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Obligations within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Obligations, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder

to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Obligations.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Obligations in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this August 27, 2020

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Supervisor

## **APPENDIX D**

### **FORMS OF BOND COUNSEL'S OPINION**



FORM OF BOND COUNSEL'S OPINION – THE NOTES

August 27, 2020

Town of Oyster Bay,  
County of Nassau,  
State of New York

Re: Town of Oyster Bay, Nassau County, New York  
\$39,620,000 Bond Anticipation Notes, 2020 Series C

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$39,620,000 Bond Anticipation Notes, 2020 Series C (the "Obligation"), of the Town of Oyster Bay, Nassau County, New York (the "Obligor"), dated the date hereof.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the "Tax Certificate") executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion herein as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

**FORM OF BOND COUNSEL’S OPINION – THE BONDS**

August 27, 2020

Town of Oyster Bay,  
County of Nassau,  
State of New York

Re: Town of Oyster Bay, Nassau County, New York  
\$30,000,000 General Obligation (Serial) Bonds, 2020 (Federally Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$30,000,000 General Obligation (Serial) Bonds, 2020 (Federally Taxable) (the “Obligation”), of the Town of Oyster Bay, Nassau County, New York (the “Obligor”), dated the date hereof.

We have examined such portions of the Constitution and statutes of the State of New York as we deemed relevant. We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other

legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion herein as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,